

CITY OF MOUNTAIN VIEW, CALIFORNIA



FISCAL YEAR 2011-12 GENERAL OPERATING FUND NARRATIVE BUDGET REPORT AND FISCAL YEARS 2011-2021 LONG-RANGE FINANCIAL FORECAST

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**CITY OF MOUNTAIN VIEW
MEMORANDUM**

DATE: April 28, 2011

TO: City Council

FROM: Melissa Stevenson Dile, Interim City Manager

SUBJECT: MAY 3, 2011 STUDY SESSION—FISCAL YEAR 2011-12 GENERAL
OPERATING FUND NARRATIVE BUDGET REPORT

RECOMMENDATION

That the City Council review and discuss the General Operating Fund Narrative Budget Report, which will provide the foundation for a proposed budget to be reviewed by the City Council at public hearings on June 7 and June 14, 2011.

INTRODUCTION/BACKGROUND

The City's financial health is significantly shaped by economic forces beyond our control. Core City services are funded by the General Operating Fund which relies heavily on property and sales taxes. These resources have been battered in recent years as the Great Recession has diminished property values and unemployment has reduced individual spending and corporate investment. In each of the last two years, the City has experienced structural budget deficits in which ongoing revenues were not sufficient to meet ongoing expenditures. It is to the City's credit that these deficits have been thoughtfully addressed by selectively reducing expenditures and services, establishing more efficient operating models and working closely with employee organizations to limit increases in employee compensation. As a result, the City has preserved a wide range of high-quality services, even as other communities have been forced to abruptly and dramatically reduce services in order to address revenue shortfalls.

At long last, there are some signs of hope in the national, State and regional economies. Although recovery is quite uneven, and local governments, including Mountain View, will only gradually experience improved resources as the economy regenerates, it appears we are beginning to recover from the Great Recession. As of February 2011, local unemployment rates have declined over the last year and are now at 7.6 percent, a positive position compared to State-wide unemployment of 12.1 percent and the national unemployment rate of 8.9 percent.

Our overall property tax revenues remain constrained. While the residential tax base appears to be stabilizing, instability continues in our commercial property tax base as property owners seek reassessments. Although current fiscal year property tax revenue will be lower than anticipated when the budget was adopted, we believe we may be hitting bottom this fiscal year and will see revenue growth in Fiscal Year 2011-12. We are seeing positive results in sales taxes, with a modest increase over budget estimated for the current fiscal year. Overall, our operating revenues are only now exceeding the revenue generated in Fiscal Year 2006-07.

Although it is heartening to see positive signs in the economy, the City remains challenged to contain nondiscretionary expenditures. City services are provided by employees and, as a result, employee-related costs comprise approximately 80.0 percent of the City's General Operating Fund. Because of this dynamic, cost increases related to employees significantly impact the City's budget. It is important to acknowledge that the cooperation of employee organizations has assisted the City in weathering the recession. Salary increases have largely been avoided and Mountain View employees pay a significant portion of their pension costs (including not only the employee share of PERS but also a portion of the employer contribution). These are vital contributions to the City's fiscal sustainability. Unfortunately, benefit costs, particularly for health care and pensions, continue to grow apace. With revenue anticipated to grow by \$1.8 million next year, and employee benefit costs anticipated to grow by \$3.9 million, we project a Fiscal Year 2011-12 General Operating Fund structural deficit for a "status-quo" budget of approximately \$2.6 million.

As noted in the Budget Balancing Blueprint presented by former City Manager Kevin C. Duggan on March 8, 2011, it is essential the City continue to balance the budget on a structural basis. Using one-time funds to address ongoing costs has led to successive cycles of budget and service reductions in other communities and, most dramatically, at the State government. Mountain View has successfully avoided the instability which results from this approach, aggressively addressing deficits each fiscal year while minimizing the negative impacts on our residents, customers and employees.

This report provides an update to the information provided in the Budget Balancing Blueprint, which recommended the strategy for achieving a structurally balanced General Operating Fund budget for Fiscal Year 2011-12. This strategy relied on implementing more operating efficiencies, new revenues and containing increases in employee compensation in order to reach a balanced budget. Staff continues to recommend using these three elements to balance the Fiscal Year 2011-12 budget. Included as a companion document to this report is the City's 10-Year General Operating Fund Long-Range Financial Forecast. Although no forecast can precisely predict the City's actual future financial state, the forecast illustrates the impact of the

anticipated continued growth in benefit costs compared to projected revenue growth for the foreseeable future.

Budget Development and Adoption

- **March 8, 2011:** City Council received and endorsed the Budget Balancing Blueprint, the proposed budget strategy, approach and principles on which to develop the proposed Fiscal Year 2011-12 budget.
- **April 19, 2011 and March 22, 2011:** City Council discussed and reviewed the proposed Five-Year Capital Improvement Program.
- **May 3, 2011:** Narrative Budget Report and Fiscal Years 2011-21 General Operating Fund Long-Range Financial Forecast will be presented.
- **May 24, 2011:** Adoption of the Capital Improvement Program.
- **June 7, 2011:** First public hearing of proposed budget.
- **June 14, 2011:** Proposition 218 hearing and anticipated budget adoption.

Updated General Operating Fund Status for Fiscal Year 2010-11

Staff has continued to monitor General Operating Fund revenues and expenditures for the current fiscal year. Now that we are in the fourth quarter of the fiscal year, estimates have a greater level of confidence, but final fiscal performance information will not be available until after the close of the fiscal year. Consequently, the information that is available now will be the basis for the Fiscal Year 2011-12 recommended budget.

More comprehensive information about revenue and expenditure projections is available in the Long-Range Financial Forecast (LRFF). Overall, total revenues will be about 0.1 percent lower this fiscal year than was projected at budget adoption in June 2010. While sales tax and transient occupancy (hotel) tax receipts are performing better than expected this fiscal year, property taxes have not recovered as much as expected. In addition, investment earnings are trending lower than expected due to continued low interest rates.

On the expenditure side, total operating expenditures are expected to be 4.5 percent lower than budgeted, due primarily to salary savings from unfilled positions. The net result of operations is estimated to be \$1.4 million this fiscal year. As has been the case

historically, this operating balance will be used to replenish the General Fund Reserve and fund new limited-period expenditures as follows (amounts in thousands):

Estimated GOF Operating Balance	\$1,376
Available Remaining from Prior Fiscal Years	322
Estimated One-Time Revenues	<u>6</u>
 Total Estimates Available	 <u>1,704</u>
 Recommended Allocations:	
General Fund Reserve ⁽¹⁾	(1,070)
Limited-Period Expenditures	<u>(634)</u>
 Total Recommended Allocations	 <u>(1,704)</u>
 Estimated Balance Available	 \$ <u>-0-</u>

⁽¹⁾ To be determined with the proposed budget.

Although we expect the City will end the current fiscal year with an operating balance, it is important to note two points: the operating balance is largely due to delayed hiring of budgeted positions, which puts a strain on the organization as we attempt to maintain service levels. This has been an important management strategy as we navigate challenging economic times. Had those positions been promptly filled when vacated, very little balance would exist. In addition, the operating balance is the funding source for key organizational needs: Supplementing Reserves, capital replacement and limited-period expenditures. All of the anticipated \$1.4 million Fiscal Year 2010-11 operating balance will be required to meet those obligations.

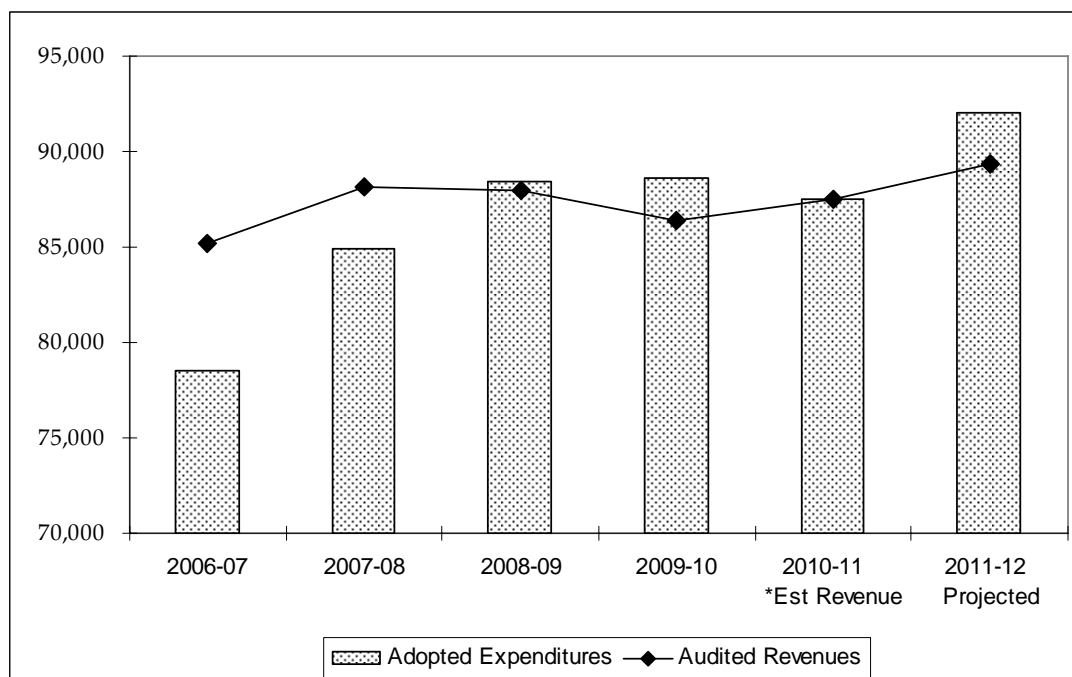
Updated Projection of Revenues, Expenditures and Structural Deficit for Fiscal Year 2011-12

In presenting the Budget Balancing Blueprint on March 8, 2011, staff projected a structural deficit of \$2.1 million for Fiscal Year 2011-12. With additional information available on both revenues and expenditures as the fiscal year has progressed, staff now estimates a deficit of \$2.6 million for Fiscal Year 2011-12. A detailed discussion of revenue and expenditure assumptions for Fiscal Year 2011-12 follows, as does a discussion of the uncertainties facing the City which complicates our ability to assess the City's future financial position.

Revenue Projections for Fiscal Year 2011-12

General Operating Fund revenues for the current fiscal year are estimated to be approximately 0.1 percent less (\$87.5 million) than what was projected with the adoption of the budget last June (\$87.6 million). For Fiscal Year 2011-12, General Operating Fund revenues are projected to grow by 2.1 percent, to \$89.4 million compared to the current fiscal year estimate. This growth is the result of modest recovery in Property Tax, Sales Tax, Other Taxes and Use of Money and Property revenues. The City's recent revenue history and projected revenues for the current fiscal year and next fiscal year are as follows (amounts in thousands):

- Fiscal Year 2006-07 (Actual): \$85,141
- Fiscal Year 2007-08 (Actual): \$88,140
- Fiscal Year 2008-09 (Actual): \$87,963
- Fiscal Year 2009-10 (Actual): \$86,416
- Fiscal Year 2010-11 (Estimated): \$87,531
- Fiscal Year 2011-12 (Projected): \$89,360



Details about the assumptions underlying the growth of specific revenue sources are provided in the LRFF report. Discussed below are the Utility Users Tax, which was the subject of a ballot measure in November 2010, and new lease revenue associated with leasing the City's remaining portion of Charleston East property to Google.

Utility Users Tax Update

Because Mountain View voters approved Measure T in November 2010, which modernized the City's Utility Users Tax (UUT), staff expects this revenue source will stabilize and may increase somewhat over time. It became effective March 1, 2011, and so it is too soon to tell the extent to which the modernization will affect UUT revenues. In April 2012, once a full year of revenue has been remitted under the modernized ordinance, staff will initiate an audit of this revenue source to determine compliance with the new ordinance. Limited-period funding has been requested for this audit for Fiscal Year 2011-12.

Charleston East Lease to Google

A final and significant new revenue source is the revenue anticipated with a lease of the remaining 9.4-acre Charleston East property to Google. This lease, executed in April 2011, continues the City's unique and entrepreneurial approach to using City-owned property to generate revenue for City use. This lease provides for a prepaid lump-sum rental payment of \$30.0 million, which will be received in June 2011 but may only be recognized as revenue over the approximately 52-year life of the lease. Available revenues will be the approximately \$580,000 annually earned rent and the associated interest earnings on the \$30.0 million prepaid rent. With this additional revenue, approximately 90.0 percent of the City's General Operating Fund resources for Fiscal Year 2011-12 will result from strategic property investments.

An important policy decision for the City Council will be to determine how best to use the proceeds from this lease. A comprehensive discussion of options is presented and staff recommends using a long-term approach for the use of the lease proceeds from this property which helps meet both current obligations and also provides seed money for enhanced services and future revenue-generating endeavors (see Attachment A). To further these goals, staff recommends that the City Council consider the following approach regarding the proceeds from the lease of this property:

- Placing the \$30.0 million prepaid rent lease payment in an Agency Fund, as required by the lease agreement.

- Investing the \$30.0 million in accordance with the City's adopted investment policy.
- Transfer rent as earned (as required by generally accepted accounting principles) from the Agency Fund and interest to a new General Fund Reserve.
- For Fiscal Year 2011-12, transfer proceeds of approximately \$1,050,000 as unrestricted General Operating Fund revenue.
- For Fiscal Years 2012-13 and beyond, transfer \$750,000 of lease proceeds as unrestricted General Operating Fund revenue, and retain \$300,000 of lease proceeds in the Reserve for possible City service enhancements.

As is discussed in greater detail in Attachment A, if the \$30.0 million one-time prepaid lease payment is treated as an endowment over the approximate 52-year life of the lease, at an annual investment return of 3.5 percent, this would generate annual interest proceeds of \$1,050,000 and the \$30.0 million endowment would still be available for use at the end of the lease. This is a conservative estimate of returns, but it is also important to note that the City's current investment policy focuses on the safety of principal with low-risk investments and correspondingly lower potential returns. Even at a 3.5 percent return, however, the annual proceeds are close to the proceeds which would result if the capital were fully used over the life of the lease. With this approach, the capital would remain at the end of the lease term and, though it would be worth far less than the current value of \$30.0 million given the impact of inflation, it would still be available to fund future revenue-generating initiatives or other uses deemed appropriate at the time.

Whether or not the Council chooses to preserve the \$30.0 million lease payment over the life of the lease, beginning in Fiscal Year 2012-13, staff recommends dedicating a portion of the lease proceeds to fund new or enhanced services. This lease represents a substantial new revenue source for the City and is, therefore, a rare opportunity to both support current needs while also funding service enhancements. While staff recommends that approximately 75.0 percent of the proceeds (\$750,000) go toward supporting current services and 25.0 percent (\$300,000) be reserved for enhanced services, these proportions could change as the Council deems appropriate. Meanwhile, for Fiscal Year 2011-12, staff recommends that all of the lease proceeds be dedicated to helping preserve current services while City revenues gradually recover from the lingering effects of the recession.

Expenditure Projections for Fiscal Year 2011-12

Detailed expenditure projections are provided in the LRFF report and the recommended expenditures for Fiscal Year 2011-12 represent a status quo budget which preserves current service levels but does not enhance services. Although service levels are not increasing, the City's costs of doing business are increasing due primarily to higher retirement and health-care benefit costs and step (salary) increases for some employees. These increases are occurring even after the significant concessions made by employees last fiscal year in which salary increases through cost-of-living adjustments (COLAs) and merit increases were reduced or eliminated and employees agreed to pay more for retirement benefits for the current fiscal year. Unfortunately, for Fiscal Year 2011-12, retirement costs are increasing by \$2.8 million and health-care costs are increasing by \$947,000, increasing the cost to the City of the current compensation provided to employees.

Because public sector retirement costs have received much public attention in recent years, it is worth noting a few key points about Mountain View's approach to providing employee pension benefits. First, the California Public Employee Retirement System (PERS) is structured to receive contributions by both the employee and the employer. These contributions historically have represented approximately 25.0 percent of the funding source for retirement benefits, with the remaining 75.0 percent funding resulting from investment earnings. However, while in many cities the employer pays the employee contribution, in Mountain View, employees not only pay the employee contribution, but they also pay a portion of the employer contribution. This is an unusual arrangement and was instituted, in part, to reflect the increased costs associated with enhanced retirement benefits.

Although increasing employee contributions to PERS has helped manage the risk to the City of increased pension costs, two factors have pushed the City's PERS rates higher. The first is that the PERS system experienced significant investment losses in Fiscal Years ending June 30, 2008 (5.1 percent) and 2009 (24.0 percent)—losses which will impact the City's funding requirements. While investment returns for the fiscal year ending June 30, 2010 (13.3 percent) improved over prior fiscal years, it will still take many years to erase the losses experienced in 2008 and 2009.

The second major factor impacting the City's PERS rates is the revised actuarial assumptions used to calculate retirement benefits. In spring 2010, PERS adopted the changes to the actuarial assumptions that found that employees were tending to retire earlier at higher salaries and living longer than previously expected. These trends held true for both safety (sworn Police and Fire) employees as well as nonsafety (miscellaneous) employees. As a result, the retirement system must generate more funds to cover higher payments to employees over a longer period of time. This

requires higher employer contributions and is why the City's rates increased for Fiscal Year 2011-12 more than had previously been expected.

There has been much public debate on the appropriate investment models and expected investment returns for PERS and other public pension systems. The models used greatly impact the extent to which the system may be considered "funded." The City's 10-Year General Operating Fund Long-Range Financial Forecast assumes the 7.75 percent annual investment return that PERS has historically used and reaffirmed in March 2011. Some agencies have chosen to model lower return rates in order to protect against any future change to the assumed rate of return.

There has been much less debate, however, on the accuracy of the data associated with the lifespan of retirees and the level of benefits paid over their years of retirement. Nationally, people are living longer and this is true among public sector employees as well. While there may be widely varying perspectives on the appropriate investment models for pensions or the likelihood that investment gains will soon wipe out the recent investment losses, it is reasonable to assume that future public sector retirees will continue to enjoy the same number of years of retirement as their predecessors. As a result, this dynamic will continue to shape retirement costs.

Fiscal Year 2011-12 Recommendations

- **Nondiscretionary Increases:**

Nondiscretionary increases totaling \$110,000 are recommended to fund existing and new required operational costs such as nonprofit agencies, inflationary increases to governmental organization memberships, maintenance agreements, park maintenance, public safety lab costs and public safety vehicle rental. See Attachment B for a complete listing of nondiscretionary items.

- **Limited-Period Recommendations:**

There are also recommendations for limited-period funding. An itemized list of these recommendations can be found on Attachment C. Limited-period expenditures are recommended to be funded with the current fiscal year carryover.

Included in the limited-period recommendations is \$2,500 for 2-1-1 funding. The City Council approved three years of "limited-period funding" (at \$10,000 per year beginning in Fiscal Year 2006-07) to assist with the start-up of the 2-1-1 County-wide information system operated by United Way, and \$10,000 for a fourth year of funding for Fiscal Year 2009-10. The 2-1-1 program requested a fifth year of

\$10,000 funding for Fiscal Year 2010-11, and \$5,000 was approved by Council. While a number of cities provide funding for this program, others (including Sunnyvale and Palo Alto) do not. It is recommended that limited-period funding in the amount of \$2,500 be approved for Fiscal Year 2011-12 with the understanding that staff will consider this organization's request with the other General Operating Fund-funded nonprofit agencies in the Fiscal Year 2012-13 funding cycle (see Attachment D).

Uncertainties

State of California (State) Budget Deficit

It is important to note that the unresolved and massive State Budget deficit continues to be a source of uncertainty for local governments. While Mountain View's Downtown Revitalization Authority is in its final two years of existence, proposals to reform or eliminate redevelopment agencies are the source of active discussion in the State Legislature. Such proposals could negatively impact the City's ability to smoothly wind down the life of the Downtown Revitalization Authority. In particular, it is unclear whether we will have two years to find new approaches to funding the redevelopment, housing and economic development functions now provided through Revitalization Authority funding, or will need to absorb those costs immediately. At this point, staff is not assuming that funding to the Revitalization Authority will be cut through State action. However, we recognize that the legislative environment remains very fluid and this assumption will be reevaluated as the City proposed budget is prepared. Should the Downtown Revitalization District be forced to end abruptly, approximately \$538,000 in funding for currently provided services would be at risk. If this occurred, staff would recommend that transition funding be provided from the Budget Contingency Reserve.

In addition, although a significant budget deficit remains at the State level, some changes have been adopted which will negatively affect the City in the coming fiscal year. Staff expects State Budget Actions as follows:

- COP's Grant \$100,000

The State is proposing elimination of annual COP's grant funding which funds a portion of one Police Officer position. The loss of this grant will increase the GOF's net cost by \$100,000 annually.

- Booking Fees \$150,000

The 0.15 percent vehicle license fee (VLF) ends effective June 30, 2011, which will eliminate funding to counties for jail services. Santa Clara County assessed local agencies booking fees to local agencies prior to the 0.15 percent VLF and it is assumed these booking fees will again be assessed to local agencies to cover the loss in revenue.

- Rapid Enforcement Allied Computer Teams (R.E.A.C.T.) \$90,000

The 0.15 percent vehicle license fee (VLF) ends effective June 30, 2011, which will eliminate reimbursement funding for the Police Officer staffing of this program.

- State Mandate Reimbursements \$20,000

The State is proposing elimination of funding for two State mandates which will reduce reimbursement revenue by \$20,000.

State Pension Reform Proposals

In addition, the subject of pension reform is being actively discussed at the State level. Some of the options being publicized include reducing the assumed annual investment returns, lowering benefit formulas, creating a hybrid pension plan which would have a 401K-style defined contribution plan in addition to a lower defined benefit plan than currently offered and placing caps on pension payments. While there is much debate about these issues, it is very unclear at this time whether any changes will occur and what the impact would be on Mountain View.

Federal Budget Deficit

At the Federal level, the Housing and Urban Development (HUD) allocation for Community Development Block Grant (CDBG) and HOME funding has been reduced by 16.5 percent and 11.7 percent, respectively, resulting in a reduction in funding previously presented of \$116,430. However, this reduction is almost entirely offset by unanticipated program income of \$112,100 and based on Council direction to staff at the April 5, 2011 City Council meeting, the remaining difference will be a net reduction to the grants given to service agencies, administration, other programs and housing projects/capital improvements.

Sustainable Operating Model for the Shoreline Golf Links

As was discussed in the development of the Fiscal Year 2010-11 budget, operating expenditures of the Shoreline Golf Links are exceeding operating revenues. All of the fund's available balance (\$731,000) will be needed to balance the budget for Fiscal Year 2010-11 and, absent a change in the operating model, the course is projected with an operating loss of approximately \$1.2 million for Fiscal Year 2011-12. At the City Council's direction, staff has issued a Request for Proposals (RFP) to develop new operating models for the course and is also working with course employees to solicit their ideas. Proposals are expected to be received in mid-May and analyzed this summer. Because the golf course balance is expected to be essentially exhausted by the end of the current fiscal year, \$500,000 from the Budget Contingency Reserve will be required to cover at least a few months of operating losses beginning in July 2011. The amount of reserves required and the ultimate operating model associated with the golf course present another source of financial uncertainty.

Fiscal Year 2011-12 Structural Deficit

Currently, projected General Operating Fund revenues for Fiscal Year 2011-12 (excluding the recommended budget balancing) total \$89.4 million. With expenditures estimated to increase \$4.6 million if a "status-quo" budget were adopted, the current General Operating Fund structural deficit is \$2.6 million.

Major General Operating Fund revenue projections for Fiscal Year 2011-12 are outlined in the LRFF report. In summary, most revenues, including the major categories of Property Tax, Sales Tax, Transient Occupancy Tax, Utility Users Tax, and Use of Money and Property are projected with mild growth. This revenue performance is insufficient to address the estimated increase in expenditure costs for a "status-quo" budget.

The categories of changes in costs from Fiscal Year 2010-11 Adopted to Fiscal Year 2011-12 Recommended are as follows (amounts in thousands):

Expenditure Changes:

Retirement (PERS)	\$2,785
Health Insurance	947
Unemployment Insurance	126
Other Compensation Changes	(94)
State Budget Impact	<u>100</u>
Total Compensation	<u>3,864</u>
Nondiscretionary Increases	110
Utilities	145
Fleet Maintenance	50
Liability Self-Insurance	228
Retirees' Health UAAL/Equip Replacement	57
State Budget Impact	<u>150</u>
Total Services, Supplies, Insurance	<u>740</u>
Total Increase	<u>\$4,604</u>

The City recently received renewal rates for health-care benefits and the rates are higher than previously assumed in the projections for Fiscal Year 2011-12. Retirement and health benefit cost increases account for \$3.7 million of the total \$4.6 million expenditure increase. Public Employees Retirement System (PERS) rates are increasing as a result of investment losses experienced in Fiscal Year 2007-08 and Fiscal Year 2008-09 and also actuarial assumption changes (e.g., longer life span, etc.). As the primary driver of the projected deficit for the upcoming fiscal year is attributable to the significantly increased cost of current employee benefits, the City is discussing with employee groups the need for labor groups to participate in the solution of balancing the budget for the upcoming fiscal year.

General Operating Fund Budget Balancing Blueprint

On March 8, 2011, the City Council reviewed and endorsed a strategy to achieve a structurally balanced General Operating Fund Budget for Fiscal Year 2011-12. The components of that strategy are as follows (amounts in thousands):

Operational Efficiencies	\$ 200
Supplemental Revenues	900
Employee Compensation Cost Containment	<u>1,000</u>
	<u>\$2,100</u>

With the updated estimates of the City's revenue and expenditures for Fiscal Year 2011-12, the proposed strategy for addressing the estimated \$2.6 million deficit is modified slightly from the recommendation made in March (amounts in thousands):

Projected Budget Deficit	\$2,648
Operational Efficiencies	(380)
Supplemental Revenues	<u>(1,167)</u>
Remaining Deficit-Employee Compensation Cost Containment/Tier Reductions	<u>\$1,101</u>

Operational Efficiencies

Departments have put forward additional cost-cutting measures, including organizational restructuring believed to not directly affect services to the public. These "operational efficiencies" total \$380,000 and includes allocating 50.0 percent of a Code Enforcement Officer's time and some City Attorney time to the Building Services Fund in recognition of the support provided to that program and the reorganization in the Public Works Department. Other cost-saving measures includes the reclassification of a Document Processing position, elimination of an hourly position in the Police Department, reduction in *Preview* distribution and reduced meeting minutes dictation. See Attachment E for a complete listing of the recommended operational efficiencies.

Supplemental Revenue

- Google Inc. Lease and Prepaid Rent for Charleston East \$1,050,000

As previously discussed, the lease agreement for this City-owned property was approved by Council on March 22, 2011. The lease provides \$30.0 million will be remitted to the City as the prepayment of rent for the initial lease term, approximately 52 years. The prepaid rent is projected to generate an average of \$1.1 million annually and it is recommended to transfer these investment earnings to the GOF for Fiscal Year 2011-12 to assist with balancing the budget. See Attachment A for additional information.

- Center for the Performing Arts \$75,500

Additional surcharge assessed on ticket processor, building use fee and assessment of facility use fee on complimentary tickets. The surcharge is a contractual agreement and the fees are currently allowed in the Master Fee Schedule.

- Rural Metro—First-Responder Service \$41,500

The County has finalized the selection of a first responder and transport provider and Rural Metro will begin service on July 1, 2011. As with the prior service provider, Rural Metro will contract with individual cities to supply first-responder services in their city and will reimburse each participating city for this service.

In addition, recommendations regarding inflationary increases to current fees are usually presented with the annual budget recommendations. For Fiscal Year 2011-12, the list of fee recommendations is briefer than usual as a more comprehensive analysis and fee modifications was completed during the Fiscal Year 2010-11 Adopted Budget process. As a result, Council approved modifications to many fees in Community Development, Community Services, Police and Public Works. Attachment G includes a complete listing of fee recommendations for the General Operating Fund for Fiscal Year 2011-12.

Compensation Cost Containment

As the increased cost of employee benefits accounts for over 80.0 percent of the \$4.6 million expenditure growth in the GOF budget, any mitigation of this amount will assist with achieving a structurally balanced budget. Management has met with all employee groups and will continue to meet with all groups with open contracts (SEIU, EAGLES and Unrepresented) to discuss the fiscal situation and potential options. If \$1.0 million (the employee groups' share of the recommended budget balancing

strategy) can be achieved in employee compensation/benefit reductions, plan modifications or contributions, it will almost be sufficient to eliminate the projected structural deficit.

Alternative Recommendations

If the \$1.0 million of employee cost containment discussed above cannot be achieved, further staffing and service reductions, as reflected in the "tiers" list, will need to be implemented. These staffing and service reductions were last discussed with Council as part of the Budget Balancing Blueprint at the March 8, 2011 Council meeting. The items are prioritized by Tiers 1 through 3 (see Attachment E).

General Fund Budget Contingency Reserve

The General Fund Budget Contingency Reserve is currently estimated to be \$5.6 million. For Fiscal Year 2011-12, should the General Operating Fund be balanced by eliminating filled positions, funding will be necessary from this reserve to transition employees to avoid layoffs. In addition, it is recommended that \$500,000 be used to transition the Shoreline Golf Links to a new operating model and \$538,000 be earmarked for use in the event the State eliminates redevelopment agencies. The General Operating Fund budget includes an estimated budget savings amount, but if this savings amount is not achieved, any shortfall will also be funded from this reserve.

Status of Fiscal Sustainability Strategies

On November 9, 2010, the City Council adopted a set of fiscal sustainability strategies to be studied and considered for implementation over the next few years. Work is under way on several of the strategies, as will be discussed further with the proposed budget presented on June 7, 2011.

Next Steps

Based on feedback from the City Council at the May 3, 2011 Study Session, the Fiscal Year 2011-12 Proposed Budget will be prepared for distribution to the City Council in early June. The evening of June 7 is scheduled for the first annual public hearing on the full budget. Final adoption is scheduled for the City Council meeting of June 14. Additionally, Major City Goals will be considered for adoption on May 10, and the Five-Year Capital Improvement Plan is scheduled for adoption on May 24.

SUMMARY AND CONCLUSION

While there are signs of economic recovery, some revenue sources lag the economy and are projected to continue to be depressed as a result of the Great Recession. In addition, State action may have consequences to the City's General Operating Fund in the form of reduced revenues or increased costs. For Fiscal Year 2011-12, the projected growth in revenues of \$1.8 million is insufficient to fund the increase in expenditures of \$4.6 million. The growth in expenditures is primarily related to employee pension and health benefit costs and is resulting in a structural deficit of \$2.6 million based on no increase in services. Building on the Budget Balancing Blueprint presented to the City Council on March 8, 2011, staff has developed a structurally balanced budget for the upcoming fiscal year that includes operating efficiencies and new revenues, primarily from the new Charleston East Lease with Google. After taking these into consideration, there remains a deficit of \$1.1 million which is recommended to be bridged by \$1.0 million in employee cost containment and the balance through expenditure reductions. Staff continues to meet with employee groups to manage the cost increases associated with pension and health insurance. To the extent the City is unable to achieve the \$1.0 million in employee cost containment, further expenditure reduction will be required to maintain a structurally balanced budget.

While the good news is the economy is recovering and it appears City's revenues are no longer declining, the City continues to face challenges related to employee cost increases primarily related to pension and health benefits. The GOF Long-Range Financial Forecast indicates that if the City adopts a structurally balanced budget for Fiscal Year 2011-12, we will be in a stronger financial position in the outer fiscal years to sustain the increases in expenditures and in preparation for the next downturn in the economy. Also, by the City obtaining a structurally balanced budget, we will continue to achieve a goal that has eluded many other agencies.

Feedback from the City Council regarding this recommend budget balancing strategy will provide the information needed for staff to prepare the proposed budget for City Council review in June. Staff is available to respond to questions.

Prepared by:

A handwritten signature in black ink that reads "Melissa Stevenson Dile" followed by a stylized monogram or initials.

Melissa Stevenson Dile
Interim City Manager

MSD/HA/5/CAM
530-05-03-11M-E-1^

- Attachments:
- A. Google Prepaid Rent
 - B. Fiscal Year 2011-12 GOF-Recommended Nondiscretionary Increases
 - C. Fiscal Year 2011-12 Recommended Limited-Period Expenditures
 - D. United Way Silicon Valley 2-1-1 Funding Request
 - E. Fiscal Year 2011-12 GOF Operational Efficiencies and Budget Recommendation Reduction Tiers
 - F. Recommended Fee Modifications

Attachment A

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**CITY OF MOUNTAIN VIEW
MEMORANDUM**

DATE: April 28, 2011

TO: City Council
Melissa Stevenson Dile, Interim City Manager

FROM: Patty J. Kong, Finance and Administrative Services Director

SUBJECT: GOOGLE PREPAID RENT

INTRODUCTION

The Charleston East site is an 18.6-acre site located at the corner of Charleston Road and North Shoreline Boulevard. The northern portion of the site of approximately 9.2 acres (Lot 1) is currently leased to Google Inc. (Google). That lease was effective February 2008 for 55 years with four 10-year options, or a potential total of 95 years. The lease payment of approximately \$1.2 million on that property is paid annually to the City and provides for annual increases of 3.0 percent per year and a revaluation every 10 years, with a floor and maximum lease rate.

On March 22, 2011, the City Council authorized the execution of the documents that provide for the Ground Lease of the remaining 9.4 acres (Lot 2) of the Charleston East site to Google. The rent for this site is being prepaid in the amount of \$30.0 million for the initial lease term to expire coterminous with Lot 1 of the Charleston East site of January 31, 2063, or approximately 52 years.

This memo describes three options for the treatment of the prepaid rent as revenue into the General Operating Fund.

BACKGROUND AND ANALYSIS

In accordance with the Ground Lease (Lease Agreement), the prepaid unearned rent shall be pooled with other funds in the City's investment portfolio, but shall be separately tracked and accounted for in an Agency Fund for the benefit of Google. The rent is subject to certain refund and rebate requirements as provided for in the Disposition and Development Agreement (DDA) and Lease Agreement that has been previously identified in the staff report to the City Council on March 22, 2011. In accordance with generally accepted accounting principles (GAAP), the rent will be recorded as revenue and transferred from the Agency Fund to the City as the rent is earned, any remaining amount of the initial \$30.0 million prepaid rent is considered

unearned rent. The annual amount of earned rent will be approximately \$580,000. All interest on the principal prepaid rent is due to the City.

The \$30.0 million will be placed into the City's investment portfolio and invested in compliance with the Council's Investment Policy B-2, which provides:

"It is the policy of the City of Mountain View to invest public funds in a manner that will provide the highest investment return with maximum security while meeting the daily cash flow demands of the City and conforming to all State and local statutes governing the investment of public funds."

The investment of public funds is governed by California Government Code Section 53600, which governs the investment of funds by local agencies, including the City of Mountain View. A local agency's investment policy must comply with the Government Code, but may be more restrictive. The City's policy is generally more restrictive than the Government Code, but not materially in the types and maturity of investments held by the City.

The interest yield on the City's investment portfolio has varied over the past 10 years, from a high of 5.7 percent to the estimated annual yield of 2.5 percent for the current fiscal year. Interest rates have been at an historical low and it is assumed rates will remain low for the next couple of years. However, over the approximately 52-year life of the initial lease period, a 3.5 percent investment return appears to be achievable and conservative.

Although, GAAP will require the recognition of the earned rent and interest associated with the prepaid rent on an annual basis, the method as to how the money is available to the General Operating Fund (GOF) for supporting GOF purposes can be determined by the City. Staff is presenting three options for the transferring of this revenue source to the GOF as follows (examples are shown in Exhibit 1):

1. Option No. 1—Traditional declining revenue stream. The annual rent of approximately \$580,000 along with the interest earned on an annual basis. This would result in the rent fluctuating each year depending on interest rates and the resulting interest earned on an annual basis. It would also result in a declining revenue stream as the principal balance earning interest would decline with each year. With an assumed interest rate of 3.5 percent, the total interest earned over the life of the lease is estimated at \$27.6 million and the annual revenue stream, including rent, would range between \$1.6 million at the beginning of the lease period to \$346,000 at the end of the lease period.

2. Option No. 2—Consistent revenue stream. It is proposed that under this option, in addition to the annual rent of approximately \$580,000 transferred for use to the GOF, would be an annual estimated interest amount. This methodology would be similar to that utilized for the California Public Employees Retirement System (PERS) based on an assumed interest rate and amortizing this amount on an annual basis, regardless of the actual amounts earned each year. This shows that based on an assumed rate of return of 3.5 percent, a total of \$27.6 million would be earned over the life of the initial lease term and be amortized to provide approximately \$535,000 interest on an annual basis. Under this method, it is assumed the interest earned would be higher in some years and lower in other years, but on average would earn 3.5 percent over the life of the lease. With the annual rent of \$580,000, this would result in an average annual revenue stream of \$1.1 million.
3. Option No. 3—Consistent rent stream and endowment. It is proposed under this option the City maintain the \$30.0 million prepaid rent as an endowment for future use after the initial lease term. Under this method, only the annual interest earnings would be available for GOF purposes and the \$30.0 million prepaid rent would remain intact for the initial lease term. Similar to Option No. 2, an interest rate of 3.5 percent would be assumed for the life of the initial lease term and would result in an annual \$1,050,000 available for GOF purposes. Total interest earnings over the initial term of the lease is projected to be approximately \$54.2 million. At the end of the initial lease term, the \$30.0 million prepaid principal balance would still be intact and available for other purposes. Although the future value of \$30.0 million dollars would not be much in 52 years (\$5.1 million at a discount rate of 3.5 percent), it could still be useful to provide the initial seed money for other projects.

A new General Fund Reserve would be established to accumulate the rent as it is earned, as well as the interest earnings. The recognition of the rent and interest earnings into this General Fund Reserve (Earned Rent Reserve) will comply with GAAP. This will provide for the required accounting treatment of these funds, but allow the funds to be transferred to the GOF as desired. See recommendation for the treatment of future lease revenue in the Narrative Budget Report.

For Option Nos. 2 or 3, in the early years, where the interest earnings may not achieve a return at the 3.5 percent assumed rate, the principal balance of the earned rent may be drawn down, but would be replenished in years when the interest rate exceeds the 3.5 percent. A sample of this calculation at varying interest rates is shown in Exhibit 2.

Staff recommends Option No. 3, as this would provide the most interest earnings of the three options (estimated at over \$50.0 million over the life of the lease) as the principal balance remains intact for the entire lease period generating interest. It also provides for the endowment balance available at the end of the lease term of the entire \$30.0 million (future value estimated at \$5.1 million), although not a huge amount of money in 52 years, it would be available for future initiatives or other uses. This option also generates a similar amount of annual income as Option No. 2, lower by approximately \$67,000.

Although the City's investment policy is more restrictive than the Government Code, as these funds are subject to risk of forfeiture, especially until a building is constructed (estimated to be within the first five years of the lease term), the goal for maintaining the principal should be of the highest priority. Depending on the timing of any potential termination of the lease, there is some risk that securities in the investment portfolio would have to be liquidated to generate sufficient funds to refund any potential unearned rent under the Lease Agreement.

SUMMARY

The City will be receiving prepaid rent in the amount of \$30.0 million for the 9.4 acres (Lot 2) of the Charleston East site. This memo provides the background information regarding the investment of the funds, the accounting treatment and the options for this new revenue stream for General Operating Fund purposes. Staff recommends Option No. 3 which maintains the initial \$30.0 million as an endowment that will generate average interest earnings of \$1,050,000 annually, based on an assumed investment return of 3.5 percent. This option provides for the maximum total interest earnings over the life of the lease, as well as provides the \$30.0 million at the end of the lease term (future value of \$5.1 million) that can be used for a future purpose.

Prepared by:

Patty J. Kong
Finance and Administrative
Services Director

PJK/7/BUD
546-04-28-11M-E^

Attachments

City of Mountain View
Land Lease Prepayment Amortization

Exhibit 1

Inception Date: 7/1/2011
Final Payment Date: 1/31/2063
Term in Months: 619
Monthly Payment: 48,465.27
Total Prepayment: \$ 30,000,000

		Option No. 1				Option No. 2		
		Declining Revenue Stream				Consistent Revenue Stream		
Year	Fiscal Year	Fiscal Year Revenue	Remaing Prepaid Rent	3.5% Interest	3.5% Total Rent	3.5% Interest	3.5% Annual	3.5% Total Rent
1	6/30/2011	-	30,000,000					-
2	6/30/2012	581,583.24	29,418,417	1,050,000	1,631,583	1,050,000	535,130	1,116,713
3	6/30/2013	581,583.24	28,836,834	1,029,645	1,611,228	1,029,645	535,130	1,116,713
4	6/30/2014	581,583.24	28,255,250	1,009,289	1,590,872	1,009,289	535,130	1,116,713
5	6/30/2015	581,583.24	27,673,667	988,934	1,570,517	988,934	535,130	1,116,713
6	6/30/2016	581,583.24	27,092,084	968,578	1,550,162	968,578	535,130	1,116,713
7	6/30/2017	581,583.24	26,510,501	948,223	1,529,806	948,223	535,130	1,116,713
8	6/30/2018	581,583.24	25,928,917	927,868	1,509,451	927,868	535,130	1,116,713
9	6/30/2019	581,583.24	25,347,334	907,512	1,489,095	907,512	535,130	1,116,713
10	6/30/2020	581,583.24	24,765,751	887,157	1,468,740	887,157	535,130	1,116,713
11	6/30/2021	581,583.24	24,184,168	866,801	1,448,385	866,801	535,130	1,116,713
12	6/30/2022	581,583.24	23,602,584	846,446	1,428,029	846,446	535,130	1,116,713
13	6/30/2023	581,583.24	23,021,001	826,090	1,407,674	826,090	535,130	1,116,713
14	6/30/2024	581,583.24	22,439,418	805,735	1,387,318	805,735	535,130	1,116,713
15	6/30/2025	581,583.24	21,857,835	785,380	1,366,963	785,380	535,130	1,116,713
16	6/30/2026	581,583.24	21,276,251	765,024	1,346,607	765,024	535,130	1,116,713
17	6/30/2027	581,583.24	20,694,668	744,669	1,326,252	744,669	535,130	1,116,713
18	6/30/2028	581,583.24	20,113,085	724,313	1,305,897	724,313	535,130	1,116,713
19	6/30/2029	581,583.24	19,531,502	703,958	1,285,541	703,958	535,130	1,116,713
20	6/30/2030	581,583.24	18,949,918	683,603	1,265,186	683,603	535,130	1,116,713
21	6/30/2031	581,583.24	18,368,335	663,247	1,244,830	663,247	535,130	1,116,713
22	6/30/2032	581,583.24	17,786,752	642,892	1,224,475	642,892	535,130	1,116,713
23	6/30/2033	581,583.24	17,205,169	622,536	1,204,120	622,536	535,130	1,116,713
24	6/30/2034	581,583.24	16,623,585	602,181	1,183,764	602,181	535,130	1,116,713
25	6/30/2035	581,583.24	16,042,002	581,825	1,163,409	581,825	535,130	1,116,713
26	6/30/2036	581,583.24	15,460,419	561,470	1,143,053	561,470	535,130	1,116,713
27	6/30/2037	581,583.24	14,878,836	541,115	1,122,698	541,115	535,130	1,116,713
28	6/30/2038	581,583.24	14,297,253	520,759	1,102,342	520,759	535,130	1,116,713
29	6/30/2039	581,583.24	13,715,669	500,404	1,081,987	500,404	535,130	1,116,713
30	6/30/2040	581,583.24	13,134,086	480,048	1,061,632	480,048	535,130	1,116,713
31	6/30/2041	581,583.24	12,552,503	459,693	1,041,276	459,693	535,130	1,116,713
32	6/30/2042	581,583.24	11,970,920	439,338	1,020,921	439,338	535,130	1,116,713
33	6/30/2043	581,583.24	11,389,336	418,982	1,000,565	418,982	535,130	1,116,713

City of Mountain View
Land Lease Prepayment Amortization

Exhibit 1

Inception Date: 7/1/2011
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Term in Months: 619
Monthly Payment: 48,465.27
Total Prepayment: \$ 30,000,000

Option No. 1

Option No. 2

Declining Revenue Stream

Consistent Revenue Stream

Year	Fiscal Year	Fiscal Year Revenue	Remaing Prepaid Rent	3.5% Interest	3.5% Total Rent	3.5% Interest	3.5% Annual	3.5% Total Rent
34	6/30/2044	581,583.24	10,807,753	398,627	980,210	398,627	535,130	1,116,713
35	6/30/2045	581,583.24	10,226,170	378,271	959,855	378,271	535,130	1,116,713
36	6/30/2046	581,583.24	9,644,587	357,916	939,499	357,916	535,130	1,116,713
37	6/30/2047	581,583.24	9,063,003	337,561	919,144	337,561	535,130	1,116,713
38	6/30/2048	581,583.24	8,481,420	317,205	898,788	317,205	535,130	1,116,713
39	6/30/2049	581,583.24	7,899,837	296,850	878,433	296,850	535,130	1,116,713
40	6/30/2050	581,583.24	7,318,254	276,494	858,078	276,494	535,130	1,116,713
41	6/30/2051	581,583.24	6,736,670	256,139	837,722	256,139	535,130	1,116,713
42	6/30/2052	581,583.24	6,155,087	235,783	817,367	235,783	535,130	1,116,713
43	6/30/2053	581,583.24	5,573,504	215,428	797,011	215,428	535,130	1,116,713
44	6/30/2054	581,583.24	4,991,921	195,073	776,656	195,073	535,130	1,116,713
45	6/30/2055	581,583.24	4,410,337	174,717	756,300	174,717	535,130	1,116,713
46	6/30/2056	581,583.24	3,828,754	154,362	735,945	154,362	535,130	1,116,713
47	6/30/2057	581,583.24	3,247,171	134,006	715,590	134,006	535,130	1,116,713
48	6/30/2058	581,583.24	2,665,588	113,651	695,234	113,651	535,130	1,116,713
49	6/30/2059	581,583.24	2,084,004	93,296	674,879	93,296	535,130	1,116,713
50	6/30/2060	581,583.24	1,502,421	72,940	654,523	72,940	535,130	1,116,713
51	6/30/2061	581,583.24	920,838	52,585	634,168	52,585	535,130	1,116,713
52	6/30/2062	581,583.24	339,255	32,229	613,813	32,229	535,130	1,116,713
53	6/30/2063	339,254.76	0	6,926	346,181	6,926	312,159	651,414
		30,000,000.00		27,603,774	57,603,774	27,603,774	27,603,774	57,603,774
						44,594		

City of Mountain View
Land Lease Prepayment Amortization

Exhibit 1

Inception Date: 7/1/2011
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Total Prepayment: \$ 30,000,000

Option No. 3

Endowment \$30 M Principal

Year	Fiscal Year	Fiscal Year Revenue	3.5% Interest
1	6/30/2011	-	
2	6/30/2012	581,583.24	1,050,000
3	6/30/2013	581,583.24	1,050,000
4	6/30/2014	581,583.24	1,050,000
5	6/30/2015	581,583.24	1,050,000
6	6/30/2016	581,583.24	1,050,000
7	6/30/2017	581,583.24	1,050,000
8	6/30/2018	581,583.24	1,050,000
9	6/30/2019	581,583.24	1,050,000
10	6/30/2020	581,583.24	1,050,000
11	6/30/2021	581,583.24	1,050,000
12	6/30/2022	581,583.24	1,050,000
13	6/30/2023	581,583.24	1,050,000
14	6/30/2024	581,583.24	1,050,000
15	6/30/2025	581,583.24	1,050,000
16	6/30/2026	581,583.24	1,050,000
17	6/30/2027	581,583.24	1,050,000
18	6/30/2028	581,583.24	1,050,000
19	6/30/2029	581,583.24	1,050,000
20	6/30/2030	581,583.24	1,050,000
21	6/30/2031	581,583.24	1,050,000
22	6/30/2032	581,583.24	1,050,000
23	6/30/2033	581,583.24	1,050,000
24	6/30/2034	581,583.24	1,050,000
25	6/30/2035	581,583.24	1,050,000
26	6/30/2036	581,583.24	1,050,000
27	6/30/2037	581,583.24	1,050,000
28	6/30/2038	581,583.24	1,050,000
29	6/30/2039	581,583.24	1,050,000
30	6/30/2040	581,583.24	1,050,000
31	6/30/2041	581,583.24	1,050,000
32	6/30/2042	581,583.24	1,050,000
33	6/30/2043	581,583.24	1,050,000

City of Mountain View
Land Lease Prepayment Amortization

Exhibit 1

Inception Date: 7/1/2011
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Monthly Payment: 48,465.27
Total Prepayment: \$ 30,000,000

Option No. 3

Endowment \$30 M Principal

Year	Fiscal Year	Fiscal Year Revenue	3.5% Interest
34	6/30/2044	581,583.24	1,050,000
35	6/30/2045	581,583.24	1,050,000
36	6/30/2046	581,583.24	1,050,000
37	6/30/2047	581,583.24	1,050,000
38	6/30/2048	581,583.24	1,050,000
39	6/30/2049	581,583.24	1,050,000
40	6/30/2050	581,583.24	1,050,000
41	6/30/2051	581,583.24	1,050,000
42	6/30/2052	581,583.24	1,050,000
43	6/30/2053	581,583.24	1,050,000
44	6/30/2054	581,583.24	1,050,000
45	6/30/2055	581,583.24	1,050,000
46	6/30/2056	581,583.24	1,050,000
47	6/30/2057	581,583.24	1,050,000
48	6/30/2058	581,583.24	1,050,000
49	6/30/2059	581,583.24	1,050,000
50	6/30/2060	581,583.24	1,050,000
51	6/30/2061	581,583.24	1,050,000
52	6/30/2062	581,583.24	1,050,000
53	6/30/2063	339,254.76	1,050,000
		30,000,000.00	54,600,000

City of Mountain View
Land Lease Prepayment A

Exhibit 2

Inception Date: 7/1/2011
Final Payment Date: 1/31/2063
Term in Months: 619
Monthly Payment: 48,465.27
Total Prepayment: \$ 30,000,000

Option No. 3
Sample Cash Flow
Maintaining \$30 M Principal

Year	Fiscal Year	Sample Interest Rate	Interest Earned	Assumed 3.5% Interest	Annual Difference	Balance
1	6/30/2011					30,000,000
2	6/30/2012	2.40%	720,000	1,050,000	(330,000)	29,670,000
3	6/30/2013	2.20%	652,740	1,050,000	(397,260)	29,272,740
4	6/30/2014	2.20%	644,000	1,050,000	(406,000)	28,866,740
5	6/30/2015	2.40%	692,802	1,050,000	(357,198)	28,509,542
6	6/30/2016	2.70%	769,758	1,050,000	(280,242)	28,229,300
7	6/30/2017	3.00%	846,879	1,050,000	(203,121)	28,026,179
8	6/30/2018	3.25%	910,851	1,050,000	(139,149)	27,887,029
9	6/30/2019	3.50%	976,046	1,050,000	(73,954)	27,813,076
10	6/30/2020	3.75%	1,042,990	1,050,000	(7,010)	27,806,066
11	6/30/2021	3.60%	1,001,018	1,050,000	(48,982)	27,757,084
12	6/30/2022	3.50%	971,498	1,050,000	(78,502)	27,678,582
13	6/30/2023	3.40%	941,072	1,050,000	(108,928)	27,569,654
14	6/30/2024	3.50%	964,938	1,050,000	(85,062)	27,484,592
15	6/30/2025	3.75%	1,030,672	1,050,000	(19,328)	27,465,264
16	6/30/2026	3.75%	1,029,947	1,050,000	(20,053)	27,445,211
17	6/30/2027	4.00%	1,097,808	1,050,000	47,808	27,493,020
18	6/30/2028	4.25%	1,168,453	1,050,000	118,453	27,611,473
19	6/30/2029	4.25%	1,173,488	1,050,000	123,488	27,734,961
20	6/30/2030	4.50%	1,248,073	1,050,000	198,073	27,933,034
21	6/30/2031	4.75%	1,326,819	1,050,000	276,819	28,209,853
22	6/30/2032	5.00%	1,410,493	1,050,000	360,493	28,570,346
23	6/30/2033	5.00%	1,428,517	1,050,000	378,517	28,948,863
24	6/30/2034	4.75%	1,375,071	1,050,000	325,071	29,273,934
25	6/30/2035	4.75%	1,390,512	1,050,000	340,512	29,614,446
26	6/30/2036	5.00%	1,480,722	1,050,000	430,722	30,045,168
27	6/30/2037	5.00%	1,502,258	1,050,000	452,258	30,497,427
28	6/30/2038	5.00%	1,524,871	1,050,000	474,871	30,972,298
29	6/30/2039	4.75%	1,471,184	1,050,000	421,184	31,393,482
30	6/30/2040	4.75%	1,491,190	1,050,000	441,190	31,834,673
31	6/30/2041	4.70%	1,496,230	1,050,000	446,230	32,280,902
32	6/30/2042	4.20%	1,355,798	1,050,000	305,798	32,586,700

City of Mountain View
Land Lease Prepayment A

Exhibit 2

Inception Date: 7/1/2011
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Term in Months: 619
Monthly Payment: 48,465.27
Total Prepayment: \$ 30,000,000

Option No. 3
Sample Cash Flow
Maintaining \$30 M Principal

Year	Fiscal Year	Sample Interest Rate	Interest Earned	Assumed 3.5% Interest	Annual Difference	Balance
33	6/30/2043	3.70%	1,205,708	1,050,000	155,708	32,742,408
34	6/30/2044	3.50%	1,145,984	1,050,000	95,984	32,838,392
35	6/30/2045	3.50%	1,149,344	1,050,000	99,344	32,937,736
36	6/30/2046	3.70%	1,218,696	1,050,000	168,696	33,106,432
37	6/30/2047	3.80%	1,258,044	1,050,000	208,044	33,314,477
38	6/30/2048	3.50%	1,166,007	1,050,000	116,007	33,430,483
39	6/30/2049	3.00%	1,002,915	1,050,000	(47,085)	33,383,398
40	6/30/2050	2.75%	918,043	1,050,000	(131,957)	33,251,441
41	6/30/2051	2.50%	831,286	1,050,000	(218,714)	33,032,727
42	6/30/2052	2.50%	825,818	1,050,000	(224,182)	32,808,546
43	6/30/2053	2.75%	902,235	1,050,000	(147,765)	32,660,781
44	6/30/2054	2.75%	898,171	1,050,000	(151,829)	32,508,952
45	6/30/2055	3.00%	975,269	1,050,000	(74,731)	32,434,221
46	6/30/2056	3.00%	973,027	1,050,000	(76,973)	32,357,247
47	6/30/2057	3.25%	1,051,611	1,050,000	1,611	32,358,858
48	6/30/2058	3.25%	1,051,663	1,050,000	1,663	32,360,521
49	6/30/2059	3.50%	1,132,618	1,050,000	82,618	32,443,139
50	6/30/2060	3.40%	1,103,067	1,050,000	53,067	32,496,206
51	6/30/2061	3.50%	1,137,367	1,050,000	87,367	32,583,573
52	6/30/2062	3.50%	1,140,425	1,050,000	90,425	32,673,998
53	6/30/2063	3.50%	667,094	612,500	54,594	32,728,592
			56,891,092	54,162,500	2,728,592	

Attachment B

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**FISCAL YEAR 2011-12
GENERAL OPERATING FUND
RECOMMENDED NONDISCRETIONARY INCREASES**

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

- **New Software Maintenance \$ 49,000**
Provides funding for annual maintenance costs of new software. *Impact: Provides resources for new software maintenance to maintain desired level of service.*
- **CHAC Nonprofit Funding \$ 4,500**
Provides funding for estimated inflationary increase. *Impact: Maintains desired level of service.*

Finance and Administrative Services Department Total \$ 53,500

COMMUNITY SERVICES DEPARTMENT

- **New Park Maintenance – Mariposa & Del Medio \$ 6,000**
Provides partial funding for maintenance of two new mini parks, approximately 1 acre total, scheduled to be complete in Fiscal Year 2011-12. As the parks will be completed mid fiscal year, only partial funding is needed for Fiscal Year 2011-12 and the remaining funding (to reach full funding) will be requested for the Fiscal Year 2012-13 budget. *Impact: Provides resources to maintain new parks.*
- **Stevens Creek Trail Maintenance – New Segment \$ 4,900**
Provides partial funding for maintenance of the new half mile segment of the trail scheduled to be complete in Fiscal Year 2011-12. As the segment will be completed mid fiscal year, only partial funding is needed for Fiscal Year 2011-12 and the remaining funding (to reach full funding) will be requested for the Fiscal Year 2012-13 budget. *Impact: Provides resources to maintain the new segment of the trail.*
- **Senior Advisory Committee Funding \$ 2,000**
Provides ongoing funding for services and supplies in connection with supporting the Senior Advisory Committee. Limited-period funding has been provided in the current and prior fiscal year. Staffing of the committee will be absorbed in the current budget. *Impact: Provides minimal resources to support the Committee.*

Community Services Department Total \$ 12,900

FISCAL YEAR 2011-12
GENERAL OPERATING FUND
RECOMMENDED NONDISCRETIONARY INCREASES
(Continued)

POLICE DEPARTMENT

- **Range Rental \$ 15,000**
Provides increased funding for the cost of renting the practice range. *Impact: Provides resources for maintaining the level of use of the practice range.*
- **Silicon Valley Regional Interoperability Authority \$ 12,400**
Provides increased funding for the City's share of costs. *Impact: Maintains desired level of service.*
- **Santa Clara County Crime Lab \$ 7,300**
Provides increased funding based on service cost and usage per the contract with the Santa Clara County District Attorney's Office. *Impact: Maintains desired level of service.*
- **Blood Draw Contract \$ 5,200**
Provides increased funding for the increase in usage. *Impact: Maintains desired level of service.*
- **CAL-ID System \$ 3,500**
Provides increased funding for the City's share of costs for the fingerprint system. *Impact: Maintains desired level of service.*

Police Department Total	\$ <u>43,400</u>
 Total General Operating Fund	 \$<u>109,800</u>

Attachment C

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**FISCAL YEAR 2011-12
RECOMMENDED LIMITED-PERIOD EXPENDITURES**

General Fund Limited-Period Expenditures
(To Be Funded From Fiscal Year 2010-11 Carryover or Reserves)

City Manager's Office:	\$ <u>186,400</u>
Mid-/Long-Term Strategies (Rebudget Balance)	86,400
Interest-Based Bargaining Negotiations	75,000
City-wide Succession Planning Efforts (Rebudget)	20,000
Middlefield-Ellis-Whisman (MEW) Site (Rebudget Balance)	5,000
Finance and Administrative Services Department:	<u>87,500</u>
Utility Users Tax (UUT) Audit	70,000
Cost Allocation (A87) Plan	15,000
United Way 2-1-1	2,500
Community Development Department:	<u>155,200</u>
Housing Element (Rebudget Balance)	150,200
Employee Homebuyers Program Administration (Rebudget)	5,000
Public Works Department:	<u>200,000</u>
Environmental Sustainability Program (New & Rebudget Balance)	185,000
Green House Gasses Inventory	15,000
Community Services Department:	<u>10,000</u>
Strategic Planning Consultant for the Center for the Performing Arts (Rebudget)	10,000
Library Services Department:	<u>20,000</u>
Inter-Library Delivery Services	20,000

FISCAL YEAR 2011-12
RECOMMENDED LIMITED-PERIOD EXPENDITURES
(Continued)

Fire Department:		\$ <u>111,200</u>
Entry Level Firefighter Recruitment (New and Rebudget)	69,000	
Fire Promotional Assessment (Rebudget)	24,600	
Meals Ready to Eat	11,900	
Hurst Rescue Tool Hose/Parts Replacement	5,000	
Building & Fire Code Books & Training (Rebudget Balance)	700	
Police Department:		<u>140,500</u>
Public Safety Dispatcher Overhire	133,000	
Critical Functions Audit	7,500	
Total General Fund Limited-Period Expenditures		\$ <u>910,800</u>

FISCAL YEAR 2011-12
RECOMMENDED LIMITED-PERIOD EXPENDITURES
(Continued)

Other Funds Limited-Period Expenditures

Finance and Administrative Services Department: \$ 100,000

Water Fund:

Utility Rate Study 50,000

Wastewater Fund:

Utility Rate Study 50,000

Community Development Department: 1,419,700

Below Market Rate (BMR) Housing Fund:

Employee Homebuyers Program Loans
(Rebudget Balance) 1,000,000

Downtown Family Housing Pre-Development Costs
(Rebudget Balance) 69,300

Consolidated Plan (FY10-11 to FY14-15) (Rebudget Balance) 20,400

Employee Homebuyers Program Administration 20,000

Revitalization Authority Fund:

Sunsetting Studies and Projects (Rebudget Balance) 255,000

Thursday Night Live Events 45,000

Banners for Castro Street (Rebudget) 10,000

Public Works Department: 52,200

Water Fund:

Water Management Charge 52,200

Community Services Department: 18,400

Shoreline Golf Links Fund:

Wildlife Management (Rebudget Balance) 4,400

Shoreline Regional Park Community Fund:

Wildlife Management (Rebudget Balance) 14,000

Total Other Funds Limited-Period Expenditures \$1,590,300

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Attachment D

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CITY OF MOUNTAIN VIEW
MEMORANDUM

DATE: April 28, 2011

TO: Melissa Stevenson Dile, Interim City Manager

FROM: Kimberly Castro, Youth Resources Manager
Kevin Woodhouse, Deputy City Manager

SUBJECT: UNITED WAY SILICON VALLEY—2-1-1 FUNDING REQUEST,
FISCAL YEAR 2011-12

The City received a request for funding on March 1, 2011 from United Way Silicon Valley to support 2-1-1 Santa Clara County. The funding request is in the amount of \$10,500 for Fiscal Year 2011-12 to support the 2-1-1 increased community outreach, database and infrastructure development, public information campaign and program management and operations. 2-1-1 has been in operation since 2007 and the City of Mountain View has contributed funds each year in support of the service. The City Council approved funding for the first three years at \$10,000 per year. The City funded 2-1-1 for Fiscal Year 2010-11 (the fourth year of funding) in the amount of \$5,000.

2-1-1 is a toll-free call (or web site, www.211scc.org) that connects the public with more than 6,000 health and human programs/services in over 170 languages by live voice 24/7. In 2010, the call center received 25,126 calls County-wide, of which 727 came from Mountain View residents. The top three reasons for the calls from Mountain View were utility bill payment assistance, rent payment assistance and food. Twenty-one (21) agencies in the 2-1-1 database are headquartered in Mountain View. A call data sheet is provided as Exhibit 1 to this memo.

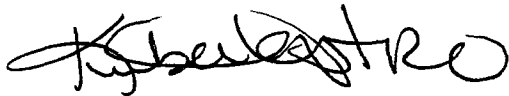
In addition to Mountain View, nine other cities and the County helped fund 2-1-1 last year. The funding history, sources and asks currently out for Fiscal Year 2011-12 can be found in Exhibit 2 of this memo. 2-1-1 has diversified its funding strategy for Fiscal Year 2011-12 with the goal of maintaining funding levels from local agencies, implementing a fee for service model with CalFresh/Food Stamp program in which 2-1-1 is reimbursed for referrals to the program, seeking Federal disaster preparedness funding and continuing to pursue grant and private fundraising opportunities.

Staff recommends limited-period funding of \$2,500 for Fiscal Year 2011-12, acknowledging both the City's current financial challenges as well as the benefits of 2-1-1's ongoing service to Mountain View residents. Other options for the Council's

consideration could be not contributing this year or to contribute at the same \$5,000 level as last year.

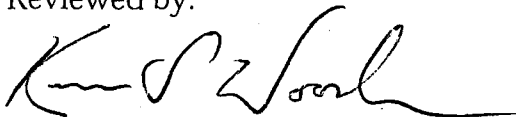
At the time of last year's funding request, staff recommended the possibility of their future funding requests being submitted alongside the requests of other nonprofit agencies that compete on the two-year cycle for General Operating Funds. However, because 2-1-1's services and funding model continue to evolve, staff felt that committing to a two-year funding cycle this year would be premature. Therefore, staff recommends continuing for this year and next year (Fiscal Year 2012-13) on a year-by-year, stand-alone funding determination basis. If 2-1-1 continues to pursue funding from cities for Fiscal Year 2013-14 as a continuing part of their funding model, staff recommends that they compete in the two-year nonprofit agency funding cycle.

Prepared by:



Kimberly Castro
Youth Resources Manager

Reviewed by:



Kevin Woodhouse
Deputy City Manager

KC/6/MGR
607-04-28-11M-E^

- Exhibits: 1. 2-1-1 Santa Clara County—Call/Referral Data—Mountain View
2. 2-1-1 Santa Clara County Funding Sources

2-1-1 Santa Clara County – Call / Referral Data

A Program of United Way Silicon Valley



Data for City of Mountain View January 1, 2010 - December 31, 2010

930 agencies listed in the 2-1-1 Santa Clara County database 21 agencies headquartered in City of Mountain View

The 2-1-1 system provides streamlined access to critical health and human services in Santa Clara County, provided by a live call specialist, 24/7 in 170+ languages. 2-1-1 is an easy-to-remember, toll-free phone number that connects callers with local services, such as food, shelter, counseling, employment assistance, quality child care and more. During a disaster, 2-1-1 provides critical information about evacuation routes, food and shelter, as well as support with finding new jobs and permanent housing during long-term recovery.

Total Calls from Mountain View callers in 2010¹	727
Total Calls Santa Clara County 2010	25,126

Top Ten Caller Needs	
2-1-1 Referral Category (AIRS Problem/Needs)	Referral Category Count
Housing/Utilities	250
Legal, Consumer and Public Safety (courts, law enforcement, consumer regulation)	136
Not Recorded (referral category not recorded)	96
Food/Meals	72
Health Care	66
Mental Health/Addictions	57
Income Support/Assistance	56
Individuals, Family and Community Services	45
Volunteers/Donations	30
Information Services (info lines, library, I&R and media services)	27
Total Referral Category²	835

¹ This figure includes all calls to 2-1-1 SCC, that resulted in one or more referrals, in which the caller designated the primary municipality in this report as their city of residence or as the preferred area in the search criteria. The provision of location information by the caller is optional.

² Total from top ten referral categories only. A caller may receive multiple referrals during a single contact or call.

2010 total online database searches at www.211scc.org: **235,721**

Top Three Unmet Needs

An "Unmet Need" is logged when a service is not available to the individual caller. Some examples of Unmet Need reasons include services that are not in reasonable proximity to the caller's search area, the caller does not meet eligibility requirements, the service is seasonal or the referred service is declined by the caller. Mountain View top three unmet needs in 2010 were:

- 1) Utility Bill Payment Assistance
- 2) Rent Payment Assistance
- 3) Food

For questions or additional information, please contact Kim Ferm, Director of 2-1-1 Santa Clara County, at United Way Silicon Valley: (408) 345-4336 or kim.ferm@uwsv.org.

United Way Silicon Valley
1400 Parkmoor Ave., Suite 250, San Jose, CA 95126
www.uwsv.org | www.211scc.org



United Way Silicon Valley - 211 Santa Clara County

	2008 - 2009		2009 - 2010		2010 - 2011		2011 - 2012	
	Asks	Recd/Pldge	Asks	Recd/Pldge	Asks	Recd/Pldge	Asks	Recd/Pldge
Corporate Grants								
PG&E	15,000	15,000	15,000	15,000				
Applied Materials			40,000	40,000				
Kaiser Santa Clara	25,000	20,000	25,000					
Kaiser San Jose	25,000	25,000	25,000					
Kaiser Northern CA			50,000	50,000	50,000	50,000		
Good Samaritan	5,000	0	0					
Heffernan Foundation	15,000	0	0					
Cisco Foundation	15,000	0	0					
TOTAL Corporate Grants	100,000	60,000	155,000	105,000	50,000	50,000	0	0
Government								
County of Santa Clara	150,000	150,000	150,000	150,000	157,500	150,000	150,000	
City of Campbell	5,000	2,500	5,000	2,500	5,250	2,000	2,500	
City of Cupertino	2,000	2,000	2,000	2,000	4,000	2,000	2,000	2,000
City of Gilroy	2,500	2,500	5,000	2,500	5,250	2,500	5,250	
City of Los Altos	5,000	0	5,000	0	5,250	-	5,250	
City of Milpitas	10,000	0	10,000	0	10,500	-	10,000	
City of Monte Sereno	5,000	1,000	5,000	0	5,250	500	5,000	
City of Morgan Hill	5,000	5,000	15,000	0	15,750	-	10,000	
City of Mountain View	5,000	10,000	10,000	10,000	10,500	5,000	10,500	
City of Palo Alto	10,000	0	10,000	0	10,500	-	13,500	0
City of San Jose	100,000	100,000	100,000	100,000	105,000	75,000	75,000	
City of Santa Clara	5,000	5,000	15,000	5,000	15,750	5,000	5,000	
City of Saratoga	5,000	2,000	2,000	2,000	2,100	2,000	2,100	
City of Sunnyvale	15,000	0	15,000	0	15,750	-	15,750	
Town of Los Altos Hills	5,000	1,800	5,000	1,700	5,250	2,100	5,250	
Town of Los Gatos	2,500	2,500	5,000	2,400	2,400	2,400	5,000	
Federal - HHS Labor	100,000	0	100,000	0	100,000			
TOTAL Government Support	432,000	284,300	459,000	278,100	476,000	248,500	322,100	2,000
Foundation Grants								
Contra Costa Crisis Center								
First 5 Santa Clara County	100,000	100,000	100,000	50,000	50,000	50,000		
Health Trust		15,000						
Koret Foundation								
Los Gatos Community Foundation					5,000	-		
Mission City Foundation					10,000			
Silicon Valley Community Foundation			100,000	0				
UWSML (Kaiser Rgnl)	67,000	0						
UWSV targeted investment	150,000							
TOTAL Foundation Grants	317,000	115,000	200,000	50,000	65,000	50,000	0	0
Employee Workplace Campaign								
Ind. WP TOTALS								
TOTAL	849,000	459,300	814,000	433,100	591,000	348,500	322,100	2,000

Attachment E

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**FY 2011-12 GENERAL OPERATING FUND OPERATIONAL EFFICIENCIES
AND BUDGET REDUCTION TIERS**

DEPARTMENT PROGRAMS	Operational Efficiencies	Tier 1	Tier 2	Tier 3
CITY CLERK				
Minutes dictation - go to action minutes only	(10,500)			
Records Program Mgmt/Records Storage	(5,400)			
0.50 Office Assistant III (from FT)			(45,000)	
CITY CLERK TOTAL	(15,900)	0	(45,000)	0
CITY ATTORNEY				
1.0 Code Enforcement Officer (filled) \$125,000			(42,000)	
Alternative - Charge 50% of CEO to Building Fund (plus 5% CA	(83,000)			
CITY ATTORNEY TOTAL	(83,000)	0	(42,000)	0
CITY MANAGER				
Eliminate hourly wages for the multi-lingual outreach program.			(12,800)	
1.0 HR Analyst II (vacant)			(62,000)	
Hourly Intern			(11,500)	(11,500)
Community Relations	(5,000)			
CITY MANAGER TOTAL	(5,000)	0	(86,300)	(11,500)
FINANCE & ADMIN SERVICES				
Reclass Doc Proc Specialist to Doc Proc Tech 3	(4,300)			
1.0 Revenue Account Tech position (filled)			(39,600)	
0.5 FTE Copy Center Asst (filled)		(28,000)		
FINANCE & ADMIN SVCS TOTAL	(4,300)	(28,000)	(39,600)	0
COMMUNITY DEVELOPMENT				
1.0 Planning Manager position (vacant)		(177,500)		
COMMUNITY DEVELOPMENT TOTAL	0	(177,500)	0	0
PUBLIC WORKS				
PG&E (savings from new pool covers)	0			
Dept Reorg & position funding changes	(180,000)			
1.0 Transp & Policy Mgr pos (retirement) \$95,500				0
Replaced with Streets Maintenance Worker 3 position (vacant)			(34,200)	
Reduce Traffic Engineering Support		(20,000)		
1.0 Customer Services Technician position (filled-retirement)			(54,700)	
PUBLIC WORKS TOTAL	(180,000)	(20,000)	(88,900)	0

**FY 2011-12 GENERAL OPERATING FUND OPERATIONAL EFFICIENCIES
AND BUDGET REDUCTION TIERS**

DEPARTMENT PROGRAMS	Operational Efficiencies	Tier 1	Tier 2	Tier 3
COMMUNITY SERVICES				
PERFORMING ARTS				
Reduce Preview Distribution by 20%	(7,000)			
1.0 Performing Arts Assistant (filled)		(72,000)		
CSD - PERFORMING ARTS TOTAL	(7,000)	(72,000)	0	0
SHORELINE DIVISION (GF)				
Reduce Ranger services contract			(15,200)	
CSD - SHORELINE (GF) TOTAL	0	0	(15,200)	0
PARKS & FORESTRY/ROADWAYS				
1.0 Parks Maint. Worker III position (vacant)		(105,200)		
1.0 Parks Maint. Worker II position (vacant)			(97,400)	
Miscellaneous Parks and Forestry/Rdwy Landscape reductions			(25,300)	
Reduce High pressure washing Castro Street			(14,600)	
Up to another 2.0 Tree Trimmers, (1 vacant)				(203,000)
CSD - PARKS & FORESTRY/RDWAY TOTAL	0	(105,200)	(137,300)	(203,000)
RECREATION				
0.25 Rec Coord Deer Hollow Farm (vacant)				
CSD - RECREATION TOTAL	0	0	0	0
COMMUNITY SERVICES GF TOTAL	(7,000)	(177,200)	(152,500)	(203,000)
LIBRARY				
1.0 Supervising Librarian (Vacant); Alternative Tier 2 - downgrade to 0.5 Librarian or 0.75 LA2			(50,000)	(72,000)
Reduce library materials/collections budget				(50,000)
Reduce library hours 6-8 hours per week				(150,000)
LIBRARY TOTAL	0	0	(50,000)	(272,000)
FIRE				
1.0 Public Education Specialist (filled)		(121,800)		
Staffing - Requires Meet & Confer				(600,000)
Deputy Fire Marshal position (vacant)			(217,900)	
FIRE TOTAL	0	(121,800)	(217,900)	(600,000)

**FY 2011-12 GENERAL OPERATING FUND OPERATIONAL EFFICIENCIES
AND BUDGET REDUCTION TIERS**

DEPARTMENT PROGRAMS	Operational Efficiencies	Tier 1	Tier 2	Tier 3
POLICE				
Office Assistant III Hourly	(30,000)			
Booking Fees	(22,500)			
Animal Control Contract	(34,600)			
1.0 CSO in CAI Unit (Vacant)		(112,800)		
1.0 CSO in SOD (filled)			(112,800)	
1.0 Police Records Specialists (vacant)			(111,000)	
1.0 CSO in Traffic Unit-AVASA (filled)			(112,800)	
5.0 CSOs in patrol (filled)				(564,100)
1.0 Lead Police Records Specialist (filled)				(121,600)
POLICE TOTAL	(87,100)	(112,800)	(336,600)	(685,700)
GENERAL OP FUND DEPT REDUCTION TOTAL	(382,300)	(637,300)	(1,058,800)	(1,772,200)
GLOBAL REDUCTIONS				
Whole Sale Water Rate				(225,000)
Reduce Nonprofit funding				(27,000)
Reduce Equipment Replacement Funding				(100,000)
Total	0	0	0	(352,000)
GENERAL OPERATING FUND GRAND TOTAL	(382,300)	(637,300)	(1,058,800)	(2,124,200)

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**FISCAL YEAR 2011-12
OPERATIONAL EFFICIENCIES**

CITY CLERK

- Minutes Dictation: \$10,500

Eliminates full transcription of minutes and provides action only minutes for City Council meetings.

- Records Management Program: \$5,400

Eliminates the remaining budget for records storage. Transfers the storage of records from an off-site location with a third party vendor to the City's warehouse at the MOC. The City Clerk's Office manages the City's records retention and storage. The total annual budget was \$12,400, and \$7,000 was reduced in FY10-11 keeping \$5,400 to phase the transfer of records to the warehouse during the current fiscal year.

TOTAL: \$15,900

CITY ATTORNEY

- Code Enforcement Funded by Building Services: \$83,000

Allocates a portion of Code Enforcement and City Attorney Office staff time to the Building Services Fund. Code Enforcement dedicates a significant amount of time to Building Inspection code compliance.

TOTAL: \$83,000

CITY MANAGER

- Community Relations: \$5,000

Reduces the flexibility with layouts and graphics in all publications of *The View*.

TOTAL: \$5,000

FINANCE AND ADMINISTRATIVE SERVICES

- Reclassify a Document Processing Position: \$4,300

Reclassifies a Document Processing Specialist position to a Document Processing Technician III. The incumbent in the Document Processing Specialist position has retired allowing the department to review this position and reclassify.

TOTAL: \$4,300

COMMUNITY SERVICES

- Reduce Center for the Performing Arts Frequency (Distribution) of *Preview* Magazine Mailings: \$7,000

Reduces the number of *Preview* magazines printed and mailed as a result of Increased on-line marketing efforts.

TOTAL: \$7,000

PUBLIC WORKS

- Reorganize the Public Works Department Transportation/Property Services and Business/Internal Services Divisions: \$35,000
 - Eliminate 1.0 Fleet Services Manager position (vacant)
 - Reduce and reclassify 1.0 Principal Engineer to 0.5 Senior Civil Engineer (vacant)

Moves the Budgeting/Capital Improvement Program function of the Business and Internal Services Division to the Transportation/Property Services Division. Eliminates 1.5 positions and reallocates positions between funding sources.

- Position Funding Changes: \$145,000

Reallocates positions appropriately among other funds. This mainly affects positions in the Land Development section and allocates time to the Shoreline Regional Park Community, Water, Wastewater and Solid Waste Funds.

TOTAL: \$180,000

POLICE

- Animal Control Contract: \$34,600

Reduces funds for the animal control contract with the City of Palo Alto. The cost of animal control services has declined thus allowing for this reduction.

- Hourly Payroll Help: \$30,000

Eliminates hourly wages previously used to enter time data in the payroll system. The Police Department will be shifting responsibility for this task to another unit allowing for this reduction.

- Booking Fees: \$22,500

Reflects the current cost of municipal code violations only.

TOTAL: \$87,100

TOTAL OPERATIONAL EFFICIENCIES: \$382,300

**POTENTIAL OPERATING REDUCTIONS
FOR FISCAL YEAR 2011-12
TIER 1**

FINANCE AND ADMINISTRATIVE SERVICES

- Reduce Internal Support Services: \$28,000
 - Eliminate 0.5 Copy Center Assistant position (filled)

Reduces resources in the Finance and Administrative Services Department, impacting customer service to internal customers. There would likely be delays in completing job requests in the Copy Center. Some copying jobs could be required to be outsourced, and there would be less flexibility and coverage during absences of vacation or illness.

TOTAL: \$28,000

COMMUNITY DEVELOPMENT

- Reduce Resources for Planning Services: \$177,500
 - Eliminate 1.0 Planning Manager position (vacant)

Reduces day-to-day management and strategic oversight of planning services, potentially slowing review of development proposals as development activity continues to increase and prolonging implementation of the General Plan. Additional resources would be required, potentially during the fiscal year, if the current increase in development activity continues and when the General Plan shifts to an implementation phase.

TOTAL: \$177,500

PUBLIC WORKS

- Reduce Traffic Engineering Support in the Traffic Engineering Section: \$20,000

Limits the number of Neighborhood Traffic Management Program (NTMP) projects to four projects per year (currently unlimited) and would set four as the minimum number of years required to revisit proposed NTMP projects that failed

to meet the minimum screening criteria (currently one year). Also would reduce resources to respond to residents' traffic-related inquiries (including from Ask Mountain View) and section review of improvement plans related to residential and commercial developments that are not required by State law to be processed within specified time frames.

TOTAL: \$20,000

COMMUNITY SERVICES

- Eliminate Dedicated Weed Abatement Program: \$105,200
 - Eliminate 1.0 Parks Maintenance Worker III position (vacant)

Decentralizes weed abatement and adds to the workload of other employees. This would result in more weeds in City parks and medians as the maintenance priority is park safety and cleanliness. Park and roadside aesthetics would be affected and there would be an additional burden on supervisors to train and monitor staff in the safe application of pesticides.

- Eliminate Stagehand Services: \$72,000
 - Eliminate 1.0 Performing Arts Assistant position (filled)

Discontinues City-supplied stagehand support services. Client demand for City-provided stagehand services has steadily declined over the last several years and staff no longer considers it a core function. The Center would continue to require clients to provide stagehand services for each show; however, the option of having that service provided by City staff would no longer be available.

TOTAL: \$177,200

FIRE

- Reduce Fire Outreach/Education/Media: \$121,800
 - Eliminate 1.0 Public Education Specialist position (filled)

Reduces capacity of the Fire Department to conduct outreach to the community in the area of fire prevention and emergency preparedness, through public education and engagement. (Basic emergency preparedness planning and training will be

continued, including CERT.) The ability to handle media inquiries on emergency scenes or proactively engage the mass media to communicate prevention and preparation information would be reduced. Returns staffing and services for this function to the level prior to Fiscal Year 2007-08.

TOTAL: \$121,800

POLICE

- Community Services Officer position: \$112,800
 - Eliminate 1.0 Community Services Officer positions (vacant)

Eliminates the CSO assigned to CAI. This position coordinates Neighborhood Watch and Business Watch outreach efforts, reviews new building project permit applications, oversees the false alarm program, attends community events, conducts presentations on crime and crime prevention and conducts security inspections. Many of the public outreach events would be eliminated and other responsibilities would be assigned to other personnel.

TOTAL: \$112,800

TOTAL TIER 1: \$637,300

TOTAL POSITIONS: 5.5 (3.0 vacant, 2.5 filled) \$617,300

**POTENTIAL OPERATING REDUCTIONS
FOR FISCAL YEAR 2011-12
TIER 2**

CITY CLERK

- Reduce Customer Service and City Council Support: \$45,000
 - Eliminate 0.5 Office Assistant III position (vacant)

Reduces the City Clerk's Office ability to support the scheduling, logistics and coordination of City Hall meeting rooms by outside agencies or organizations. City Council administrative support would also be reduced.

TOTAL: \$45,000

CITY ATTORNEY

- Reduce Code Enforcement Services by 50.0 Percent: \$42,000
 - Eliminate 1.0 Code Enforcement Officer position (filled)

Increases response times significantly due to workload. Currently, staff responds to a complaint within five days of receiving the complaint. Code enforcement actions will focus almost exclusively on life safety and zoning issues. Neighborhood preservation complaints such as front-yard storage, private-property parking complaints, signs and weeds would be considered lower-priority complaints and will result in some increase in the number of out-of-conformance properties. This amount reflects the net reduction after taking into consideration the allocation to the Building Services Fund in the Operational Efficiencies.

TOTAL: \$42,000

CITY MANAGER

- Reduce Capacity in Recruitment and Training Support: \$62,000
 - Eliminate 0.5 Human Resources Analyst I/II position (vacant)

Reduces capacity in Human Resources to support hiring and promotional activities and may reduce the frequency of certain training and employee development activities.

- Reduce the City's Multilingual Outreach Program: \$12,800

- Eliminate hourly wages

Limits the ability to interpret and translate (at meetings and written communications) in Russian and Chinese. Would require the reliance solely on volunteers to provide Russian, Chinese and to supplement the capacity in Spanish interpretation and translation.

- Reduce Intern Hours: \$11,500

- Reduces Student Intern hours

Reduces the Student Intern hours by half in the City Manager's Office and would rely more on unpaid Student Interns. This may reduce the qualified pool of applicants.

TOTAL: \$86,300

FINANCE AND ADMINISTRATIVE SERVICES

- Reduce Internal Support Services: \$39,600

- Eliminate 1.0 Accounting Technician in Revenue (filled)

Reduces resources in the Finance and Administrative Services Department, impacting customer service to some external and internal customers. Although work would be reallocated to other staff to the extent feasible, there would likely be service-level declines in a variety of support functions. There would likely be delays in reconciling accounts and responding to customer service requests. There would be less flexibility and coverage during absences of vacation or illness.

TOTAL: \$39,600

PUBLIC WORKS

- Eliminate Dedicated Graffiti/Shopping Cart Abatement Program: \$54,700

- Eliminate 1.0 Customer Service Technician position (filled - 0.5 in the GOF)

Shifts the response of shopping carts incidents to Field crews when hazardous conditions are identified; carts would not be collected on a daily basis as is the current practice. Graffiti incidents would be addressed on an as-time-permits

basis and would result in delayed response to graffiti clean-up. Water utility-related functions (e.g., special water meter reads, delinquent account notices, service turn-ons/turn-offs, etc.) would be absorbed by other water utility staff. Response time to customer service requests would increase.

- Reduce Street Maintenance: \$34,200
 - Eliminate 1.0 Street Maintenance Worker III position (vacant - 0.67 in the GOF; offset by adding \$40,000 in hourly wages)

Decreases resources allocated to street and traffic sign maintenance, slowing sign replacement and degrading the appearance of the City's sign inventory. Pavement maintenance and crack sealing productivity decreases would be offset by using hourly employees during spring and summer months.

TOTAL: \$88,900

COMMUNITY SERVICES

- Parks Maintenance Worker I/II Position: \$97,400
 - Eliminate 1.0 Parks Maintenance Worker I/II position (filled)

Increases workload in roadway landscape and reduces trim cycles, resulting in less attractive medians and increased plant mortality over time.

- Reduce Overtime, Supplies in Parks and Roadway/Landscape: \$18,300

Results in more difficulty managing fluctuations in workload, special requests, storms and emergencies.

- Reduce Ranger Contract Services: \$15,200

Reduces the ranger presence in Cuesta and Rengstorff Parks to patrol and enforce park rules. This may require additional support from the Police Department to handle incidents outside ranger patrol hours. With these reductions, ranger hours would return to pre-Fiscal Year 2007-08 levels.

- Reduce Steam Cleaning/High Pressure Washing on Castro Street: \$14,600

Reduces the frequency of Castro Street high-pressure steam cleaning from 16 to 9 times a year. Decreased cleaning would affect the cleanliness and aesthetics of the downtown.

- Eliminate Steam Cleaning/High Pressure Washing for Centennial Plaza: \$7,000

Eliminates High pressure steam-cleaning of Centennial Plaza. Decreased cleaning would affect cleanliness and aesthetics of the Centennial Plaza.

TOTAL: \$152,500

LIBRARY

- Reclassify/Downgrade 1.0 Supervising Librarian: \$50,000

- Reduces 1.0 Supervising Librarian position to either a 0.5 Librarian or 0.75 Library Assistant position (vacant)

Redistributes the day-to-day management of Adult Services, a major functional area in the Library. The Director and Division Managers would assume most responsibilities and would redistribute other tasks to line staff. This staffing change would affect the timeliness of service improvements, delay follow-up to problems and reduce staff oversight.

TOTAL: \$50,000

FIRE

- Deputy Fire Marshal: \$217,900

- Eliminate 1.0 Deputy Fire Marshal position (vacant)

Reduces capacity in the Fire Marshal's operations. A part-time hourly employee is currently being utilized to complete some tasks of this position. The Fire Marshal's operation is at capacity with the number of inspections and investigations that Deputy Fire Marshals conduct. For example, of the assigned 800 apartment/hotel/motel inspections, as much as 66% percent are rolling over to the next fiscal year. Elimination of this position would further reduce capacity of the Fire Department to complete these inspections and fire investigations in the prescribed period of time.

TOTAL: \$217,900

POLICE

- Eliminate 2.0 Community Services Officer positions: \$225,600
 - Eliminate 2.0 Community Services Officer positions (filled)

Eliminates the CSO assigned to the Traffic Unit as the Abandoned Vehicle Abatement Services (AVASA) Officer and the CSO assigned to the Special Operations Division (SOD) as a fraud investigator.

Eliminates the CSO position assigned to the Traffic Unit as the AVASA position. Tagging and removal of abandoned vehicles could be transferred to the field CSO's and there would be some level of diminished service level to the community as this function would not be as high a priority as it is now with an assigned CSO to this function.

Eliminating the SOD CSO requires suspending the following fraud investigations: Identity thefts where the bank/corporation/retailer suffers the loss; Identity thefts where the victim's losses are less than \$2,000; Frauds where the bank/corporation/retailer suffers losses less than \$3,000 and the suspect is unknown but leads exist; and Frauds where individuals suffer losses less than \$2,000 and the suspect is unknown but leads exist.

- Reduce Records Section Staffing: \$111,000
 - Eliminate 1.0 Police Records Specialist position (vacant)

Eliminates a Police Records Specialist position increasing the time to process requests from internal and external customers, and making scheduling for minimum coverage more difficult.

TOTAL: \$336,600

TOTAL TIER 2: \$1,058,800

TOTAL POSITIONS: 10.25-10.50 (4.25-4.5 vacant, 6.0 filled) \$979,400

**POTENTIAL OPERATING REDUCTIONS
FOR FISCAL YEAR 2011-12
TIER 3**

CITY MANAGER

- Eliminate Intern Hours: \$11,500
 - Eliminate remaining Student Intern hours

Eliminates the remaining Student Intern hours in the City Manager's Office and would rely solely on unpaid Student Interns. This amount reflects the net reduction after taking into consideration the Tier 2 item.

TOTAL: \$11,500

COMMUNITY SERVICES

- Reduce Tree Trimming Cycles or Eliminate Maintaining City Street Trees Behind Monolithic Sidewalks: \$203,000
 - Eliminate 2.0 Tree Trimmer I/II positions (one vacant, one filled)

Reduces tree trim cycles from an average of every 7 to 10 years to 9 to 12 years, relying more on contract service for tree trimming, tree removals and routine service requests. (Note: The City maintains a current total tree inventory of 28,000 trees (19,000 of these are street trees), with plans to add 5,000 more.) An alternative is to transfer maintenance of the 12,800 City street trees located behind monolithic sidewalks to property owners. This reduces the street tree inventory maintained by the City from 19,000 trees to 6,200 trees. Either option reduces the City's ability to respond to storms and emergencies, provide prompt customer service, plant new trees, water younger trees, remove debris and might affect the City's "Tree City USA" status.

TOTAL: \$203,000

LIBRARY

- Reduce Library Hours: \$150,000
 - Eliminate a significant amount of hourly wages

Reduces funding for the hourly support that allows the Library to operate 7 days, 64 hours per week. This reduction would result in the need to reduce Library operating hours 6 to 8 hours per week. This would eliminate hourly Pages, Library Assistants and Librarians which would also reduce service levels to the public. This could also result in the elimination of the hourly Tech Aid position which provides computer support to the public, reduced hours for Police Assistants, reduction of large programs such as summer reading and reduction of outreach via the Mobile Library Service.

- Eliminate 1.0 Supervising Librarian: \$72,000
 - Eliminate 1.0 Supervising Librarian position (vacant)

Redistributes the day-to-day management of Adult Services, a major functional area of the Library. The Director and Division Managers would assume most responsibilities and would redistribute other tasks to line staff. This reduction would affect timeliness of service improvements, delay follow-up to problems and reduce staff oversight. This amount reflects the net reduction after taking into consideration the Tier 2 item.

- Reduce the Materials Budget: \$50,000

Reduces the quantity of new materials added to the collection and the number of multiple copies of popular items. Library customers would have longer waits for popular books and DVD titles and old, worn-out materials would not be replaced as quickly.

TOTAL: \$272,000

FIRE

- Department Staffing: \$600,000

Identifies a target level of reduction required in the near future. The Fire Department has limited ability to reduce staffing levels due to constraints regarding Minimum staffing levels dictated in the current Memorandum of Understanding between the City and the Mountain View Professional Firefighters,

Local 1965 staffing reductions are not possible at this time. Any reduction in staffing would require a meet and confer process.

TOTAL: \$600,000

POLICE

- Reduce Community Services Officer Staffing: Up To \$564,100
 - Eliminate 5.0 Community Services Officer positions (filled)

Eliminates the five (5) CSO's assigned to the Field Operations Division. Eliminating these positions would require the Department to make significant changes in response to certain incidents. It would require the Department to implement a robust Differential Police Response (DPR) program. The DPR program would result in minor crime reports with no suspect information, traffic accidents with no injuries, as well as service-related reports being directed primarily to internet reporting, phone reporting or counter reporting, versus sending a Police Officer or a Community Services Officer to take the Police Report.

- Reduce Records Section Staffing: \$121,600
 - Eliminate 1.0 Lead Police Records Specialist position (filled)

Closes the Records Unit on the weekend. Transfers time-critical and essential responsibilities to the Emergency Communications Center from Friday night at 10:00 p.m. to Monday morning at 5:00 a.m. Part-time staff may be needed to handle vehicle releases and other services at the public counter, thereby relieving sworn or CSO personnel from sporadically responding to the counter from the field. There would be an increased span of control to remaining supervisory staff.

TOTAL: \$685,700

NON-DEPARTMENTAL

- Charge Wholesale Water Rate for City Parks Irrigation: \$225,000

Charges the City the wholesale cost of water rate. The City of Mountain View is the largest consumer of water in the City. Water is used for public areas such as parks and landscape medians, etc. Currently the City pays for water at the retail commercial rate.

- Reduce Equipment Replacement Funding: \$100,000

Reduces the annual funding amount needed to maintain funding in the Equipment Replacement Reserve by another \$100,000, a total of \$300,000. Funding of the Equipment Replacement Reserve was reduced \$200,000 in the current fiscal year. Additional reduced funding in the long-term could further delay the replacement of equipment when needed.

- Reduce Nonprofit Funding: \$27,000

Reduces the annual funding for nonprofit groups by 15.0 percent.

TOTAL: \$352,000

NON-DEPARTMENTAL

TOTAL TIER 3: \$2,124,200

TOTAL POSITIONS: 8.5-8.75 (1.5-1.75 vacant, 7.0 filled) \$960,700

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FEE SCHEDULE—CITY-WIDE

Exhibit 1

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	Council Policy B-3	Copies: 8-1/2" x 11"	\$0.25 (four or more pages)	\$0.25 (page)	Fixed	7/1/11
	Council Policy B-3	DVD ⁽¹⁾	NA	\$1.00	DVD	7/1/11
	FPPC	Fair Political Practices Commission Documentation ⁽²⁾	\$0.10	\$0.10	Fixed	7/1/11

FEE SCHEDULE—CITY CLERK

Exhibit 2

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	Council Policy B-3	Agenda and Minute Subscriptions:				
		Agenda	\$2.00	Eliminated		7/1/11
		Agenda (annual mail subscription)	\$24.00	Eliminated		7/1/11
		Minutes	\$3.00	Eliminated		7/1/11
		Minutes (annual mail subscription)	\$36.00	Eliminated		7/1/11
		Minutes and Agenda (annual mail subscription)	\$60.00	Eliminated		7/1/11
	Council Policy B-3	Audio Tapes of Meetings:				
		Tape Not Provided	\$10.00	Eliminated		7/1/11
		Tape Provided	\$5.00	Eliminated		7/1/11
GC § 8211(a)		Notary Services ⁽¹⁾	N/A	\$10.00	Signature	7/1/11

FEE SCHEDULE—COMMUNITY DEVELOPMENT DEPARTMENT

Exhibit 3

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ A36.80.030	Development Services Contract Consultant ⁽¹⁾	N/A	Consultant Contract + Appropriate Administration and Other Department Support Components	Hour	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

Exhibit 4

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		<u>Performing Arts</u>				
		Additional Service Staff:				
	§ 38.100	House Manager	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	House Manager OT	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Stagehand	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Stagehand OT	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Ticket Services Assistant	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Ticket Services Assistant OT	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Ticket Services Representative	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Ticket Services Representative OT	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Ticket Services Manager	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Ticket Services Manager OT	Labor +15%	Labor +20%	Hour	7/1/11
	§ 38.100	Audience Services and Marketing	Labor + Materials +15%	Labor + Materials +20%	Variable	7/1/11
	§ 38.100	Center Art Sale ⁽¹⁾	N/A	20% of Gross	Cost Recovery	7/1/11
	§ 38.100	Cleaning and Restoration	Labor +15%	Labor +20%	Variable	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Facility Use Fee (FUF)—based on highest ticket value of arrangement (event) (excludes school-time performances)	\$2.00 Ticket \$0.01-\$29.99 plus comp tickets >10% of capacity	\$2.00 Ticket \$0.01-\$29.99 plus all comp tickets		7/1/11
			\$3.00 Ticket ≥\$30.00 plus comp tickets >10% of capacity	\$3.00 Ticket ≥\$30.00 plus all comp tickets		7/1/11
	§ 38.100	Group Ticket Orders (≥ 10 tickets)	\$10.00	\$20.00	Order	7/1/11
	§ 38.100	Late Booking Fee ⁽¹⁾	N/A	Labor +20%	Hour	7/1/11
	§ 38.100	Office—Additional Supplies ⁽¹⁾	N/A	Cost +20%	Cost Recovery	7/1/11
	§ 38.100	Technical Services	Labor + Materials +15%	Labor + Materials +20%	Variable	7/1/11
	§ 38.100	Mailing List Services	Labor + Materials +15%	Labor + Materials +20%	Variable	7/1/11
	§ 38.100	Order Report	Labor + Materials	Labor +20%	Cost	7/1/11
	§ 38.100	Sales Report	Labor +15%	Labor +20%	Daily	7/1/11
	§ 38.100	Series Setup	Labor +15%	Labor +20%	Cost	7/1/11
	§ 38.100	Support Personnel	Labor +15%	Labor +20%	Cost	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ 38.100	Ticket Services Order Processing (indirect)	Labor + Materials +15%	Labor + Materials +20%	Variable	7/1/11
	§ 38.100	Ticket Services Reports	Labor + Materials +15%	Labor + Materials +20%	Variable	7/1/11
	§ 38.100	Ticket Supplies	Cost +15%	Cost +20%	Variable	7/1/11
	§ 38.100	Ticket Services Setup	Labor + Materials +15%	Labor + Materials +20%	Variable	7/1/11
		<u>Home Company</u>				
	§ 38.101	MainStage—Weekend: Event/Additional Hour	\$70.00 +Staff	\$75.00	Hour	7/1/11
	§ 38.101	Nonevent/Technical Rehearsal	Tech Labor +20.0%	\$75.00	Hour	7/1/11
	§ 38.101	Nonevent/Additional Hours	Tech Labor OT +20.0% + Staff	\$75.00	Hour	7/1/11
	§ 38.101	MainStage—Weekday: Event/Additional Hours	\$70.00 + Staff	\$75.00	Hour	7/1/11
	§ 38.101	Nonevent/Technical Rehearsal	Tech Labor + 15.0% + Staff	\$75.00	Hour	7/1/11
	§ 38.101	Nonevent/Additional Hours	Tech Labor OT +15.0% + Staff	\$75.00	Hour	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ 38.101	ParkStage: 8 Hours/1 Ticketed Performance	\$375.00 or % of Gross	\$185.00 or % of Gross	Event	7/1/11
	§ 38.101	Event/Additional Hours	\$40+ Staff OT	\$19.00	Hour	7/1/11
	§ 38.101	8 Hours/Nonticketed Performance	\$375.00	\$185.00	Event	7/1/11
	§ 38.101	Nonevent Technical/Rehearsal (Weekday)	Tech Labor +15.0% + Staff	\$19.00	Hour	7/1/11
	§ 38.101	Nonevent/Additional Hours (Weekday)	Tech Labor OT +15.0% + Staff	\$19.00	Hour	7/1/11
	§ 38.101	Nonevent Technical/Rehearsal (Weekend)	Tech Labor +20.0% + Staff	\$19.00	Event	7/1/11
	§ 38.101	SecondStage: 8 Hours/1 Ticketed Performance	\$375.00 or % of Gross	\$185.00 or % of Gross	Event	7/1/11
	§ 38.101	8 Hours/1 Nonticketed Performance	\$525.00 (inc. \$150.00 FUF)	\$335.00 (inc. \$150.00 FUF)	Event	7/1/11
	§ 38.101	Event/Additional Hours	\$40.00 + Staff	\$19.00	Hour	7/1/11
	§ 38.101	Nonevent Technical/Rehearsal (Weekday)	Tech Labor +15.0% + Staff	\$19.00	Hour	7/1/11
	§ 38.101	Nonevent/Additional Hours (Weekday)	Tech Labor OT +15.0% + Staff	\$19.00	Hour	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ 38.101	Nonevent Technical/Rehearsal (Weekend)	Tech Labor OT +20.0% + Staff	\$19.00	Hour	7/1/11
	§ 38.101	Nonevent/Additional Hours (Weekend)	Tech Labor OT +20.0% + Staff	\$19.00	Hour	7/1/11
	§ 38.101	Meeting (No Tech or Front-of- House Services only M-F 9:00 a.m.- 5:00 p.m.; 1 Hour Increments, no Minimum) ⁽¹⁾	N/A	\$40.00	Hour	7/1/11
		<u>All Nonprofits</u>				
	§ 38.101	MainStage—Weekend: Event/Additional Hours	\$70.00 + Staff OT	\$150.00	Hour	7/1/11
	§ 38.101	Nonevent Technical/Rehearsal	\$70.00 + Staff	\$150.00	Hour	7/1/11
	§ 38.101	Nonevent/Additional Hours	\$70.00 + Staff OT	\$150.00	Hour	7/1/11
	§ 38.101	MainStage—Weekday: Event/Additional Hours	\$70.00 + Staff OT	\$120.00	Hour	7/1/11
	§ 38.101	Nonevent Technical/Rehearsal	\$70.00 + Staff	\$120.00	Hour	7/1/11
	§ 38.101	Nonevent/Additional Hours	\$70.00 + Staff OT	\$120.00	Hour	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ 38.101	ParkStage: 8 Hours/1 Ticketed Performance	\$450.00 or 5.0%- 20.0% of Gross	\$375.00 or 5.0%- 20.0% of Gross	Event	7/1/11
	§ 38.101	8 Hours/1 Nonticketed Performance	\$450.00	\$375.00	Event	7/1/11
	§ 38.101	SecondStage: 8 Hours/1 Ticketed Performance	\$450.00 or 5.0%- 20.0% of Gross	\$375.00 or 5.0%- 20.0% of Gross	Event	7/1/11
	§ 38.101	8 Hours/1 Nonticketed Performance	\$450.00 (inc. \$150.00 FUF)	\$525.00 (inc. \$150.00 FUF)	Event	7/1/11
	§ 38.101	Meeting (No Tech or Front-of- House Services only available M-F 9:00 a.m.-5:00 p.m.; 1 hour increments, no minimum) ⁽¹⁾	N/A	\$40.00	Hour	7/1/11
		<u>All Commercial</u>				
	§ 38.101	MainStage: 8 Hours/1 Nonticketed Performance	\$2,325.00 (inc. \$600.00 FUF)	\$2,700.00 (inc. \$600.00 FUF)	Event	7/1/11
	§ 38.101	SecondStage: Meeting (No Tech or Front-of- House Services only available M-F 9:00 a.m.-5:00 p.m.; 1 hour increments, no minimum) ⁽¹⁾	N/A	\$90.00	Hour	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Technical Services:				
		Additional non-MVCPA Equipment	Rental Cost +15.0%	Rental Cost +20.0%	Hour	7/1/11
		Piano Use:				
		First 5 Uses (inc. initial tuning)	Cost +15.0%	\$150.00	Arrangement	7/1/11
		Additional Piano Use (≥ 6 uses)	N/A	\$30.00	Performance and/or Rehearsal	7/1/11
		Additional Tunings ⁽¹⁾	Cost +15.0%	Tuning Cost +20.0%	Tuning	7/1/11
	§ 38.100	Lighting Gel	Cost +15.0%	Cost +20.0%	Arrangement	7/1/11
	§ 38.100	Wireless Microphone	\$50.00/Mic/ Arrangement	\$8.50	Microphone/ Performance or Rehearsal	7/1/11
	§ 38.100	Specialty Microphone ⁽¹⁾	N/A	\$10.00	Microphone/ Performance or Rehearsal	7/1/11
	§ 38.100	Portable Audio System ⁽¹⁾	N/A	\$20.00	Performance or Rehearsal	7/1/11
	§ 38.100	Wireless Headset ⁽¹⁾	N/A	\$2.50 (includes batteries)	Headset/ Performance or Rehearsal	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ 38.100	Follow Spot ⁽¹⁾	N/A	\$7.00	Follow Spot/ Performance or Rehearsal	7/1/11
	§ 38.100	Dance Floor: MainStage ⁽¹⁾	N/A	\$80.00 (inc. tape)	Performance or Rehearsal	7/1/11
	§ 38.100	SecondStage ⁽¹⁾	N/A	\$40.00 (inc. tape)	Performance or Rehearsal	7/1/11
		<u>Forestry</u> Heritage Tree Application Additional Tree	\$116.00 N/A	\$116.00 \$58.00	First Tree/Site ⁽³⁾ Tree/Site	7/1/11 7/1/11
	§ 38.7(5)	<u>Recreation</u> BBQ Reservations (R Only)— Family Tables (day of)	\$15.00	\$20.00	Table	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		<u>Tennis</u>				
		Rengstorff Courts—MV Tennis Club	\$3.75	\$4.00	Hour/Court	7/1/11
	Contractual Agreement	Nonresident Playing with Resident on Walk-In Court	\$2.00	\$3.00	Hour/Court	7/1/11
	Contractual Agreement	Cuesta Court Lessons				
		Adult	\$11.25	\$13.75	Hour	7/1/11
		Junior	\$10.25	\$12.50	Hour	7/1/11
		Lights ⁽¹⁾	N/A	\$3.00	Hour/Court	7/1/11
		<u>Shoreline Golf Links</u>				
	§ 38.11	Green Fees (18 holes weekday): Senior (60 and over) ⁽⁴⁾	\$28.00 (M-Th)	\$28.00 (M-F)	Fixed	7/1/11
	§ 38.11	Afternoon Rate—Weekdays ⁽¹⁾ (March-October, 2 hrs. prior to Twilight)				
		Residents Age ≤ 25 yrs. or Women	N/A	\$25.00	Fixed	7/1/11
		All Others	N/A	\$32.00	Fixed	7/1/11
	§ 38.11	Group Tournament Fees (Discount):		<u>Discount</u>		
		< 21 Players	N/A	None	Fixed/Player	7/1/11
		21 to 47 Players	N/A	\$3.00	Fixed/Player	7/1/11
		48 to 79 Players	N/A	\$5.00	Fixed/Player	7/1/11
		80+ Players	N/A	\$7.00	Fixed/Player	7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Frequent Player: Regular Play (Annual) Weekday (M-Th/Annual) Weekday (M-Th/Quarterly) Weekday Seniors (M-Th/Annual) Weekday Seniors (M-Th/Quarterly)	\$3,200.00 \$1,800.00 \$500.00 \$1,250.00 \$350.00	\$3,400.00 \$2,000.00 \$550.00 \$1,450.00 \$400.00	Fixed Fixed Fixed Fixed Fixed	7/1/11 7/1/11 7/1/11 7/1/11 7/1/11
		Loyalty Program: ^(1,5) Annual Fee Green Fees—Weekday Regular Senior Twilight Guest Fee Senior Guest Green Fee—Weekend Regular Twilight Guest	N/A N/A N/A N/A N/A N/A N/A N/A N/A	\$250.00 \$28.00 \$18.00 \$17.00 \$31.00 \$21.00 \$38.00 \$17.00 \$47.00	Fixed Fixed Fixed Fixed Fixed Fixed Fixed Fixed Fixed	7/1/11 7/1/11 7/1/11 7/1/11 7/1/11 7/1/11 7/1/11 7/1/11 7/1/11
	§ 38.11	Powered Golf Car: 18 Holes Single Rider ⁽¹⁾ Back Nine Member Clubs Push/Pull Cart	\$24.00 N/A \$17.00 \$12.00 \$6.00	\$26.00 \$18.00 \$18.00 \$13.00 \$7.00	Day Day Day Day Day	7/1/11 7/1/11 7/1/11 7/1/11 7/1/11

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		<u>Shoreline at Mountain View</u>				
		Shoreline Amphitheatre Parking ⁽¹⁾	N/A	\$250.00	Day	7/1/11
		Educational/Nonprofit	N/A	\$500.00	Day	7/1/11
		All Others				
		Special Event Permit	\$76.00	\$300.00	Fixed	7/1/11
		Cancellation	N/A	\$76.00	Fixed	7/1/11
		Cost Recovery	N/A	Variable	Hourly	7/1/11

FEE SCHEDULE—FIRE DEPARTMENT

Exhibit 5

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Inspections:				
	§ 14	Extended Consultation/ Preconstruction Conference	\$149.00	\$154.00	Hour	7/1/11
	§ 24	After Hours or Weekend Duty (only DFM), Monday-Friday, 6:00 p.m. to 6:59 a.m. and Saturdays, Sundays and Holidays	\$149.00	\$154.00	Hour (2-Hour Minimum)	7/1/11
	§ 14	Reinspections	\$149.00	\$154.00	Hour	7/1/11
CFC 105	§ 14	Fire Inspections	\$149.00	\$154.00	Hour	7/1/11
CFC 105	§ 14	Fire Safety Permits:				
		Fire Prevention Bureau (nonhazardous materials occupancy)	\$149.00	\$154.00	Annual	7/1/11
13009.6		Emergency Response Reimbursement: Engine Company Overtime Rate (event coverage)	100.0% of Cost (Max. \$269.00 per hour)	100% of Cost (Max. \$268.00 per hour)	Fixed	7/1/11

FEE SCHEDULE—LIBRARY SERVICES

Exhibit 6

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		DVD Repair	\$1.00	Eliminate		7/1/11

FEE SCHEDULE—POLICE DEPARTMENT

Exhibit 7

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
		Parking Citations: ⁽⁶⁾				
	§ 19.63	Standing or Parking Close to the Curb	N/A	\$33.00	Fixed	7/1/11
	§ 19.65	Parking Commercial Vehicles Restricted	N/A	\$75.00	Fixed	7/1/11
	§ 19.69	Limited Curb Parking Space: Right-of-Way	N/A	\$33.00	Fixed	7/1/11
	§ 19.73	Parking on Hills	N/A	\$33.00	Fixed	7/1/11
	§ 19.74	Standing in Parkways Prohibited	N/A	\$33.00	Fixed	7/1/11
	§ 19.76	Parking Adjacent to Schools	N/A	\$33.00	Fixed	7/1/11
	§ 19.81	Parking Prohibited on Narrow Streets	N/A	\$33.00	Fixed	7/1/11
	§ 19.82	No Parking Zones to Prevent Flooding	N/A	\$33.00	Fixed	7/1/11
	§ 19.87	Park/Stand/Stop for Loading or Unloading Only	N/A	\$33.00	Fixed	7/1/11
	§ 19.88	Park/Stand/Stop in Passenger Loading Zone	N/A	\$33.00	Fixed	7/1/11
	§ 19.92.1	Permit Parking in Parking District No. 2 Parking Lots	N/A	\$38.00	Fixed	7/1/11

FEE SCHEDULE—POLICE DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ 19.94	3-Hour Parking Zones	N/A	\$38.00	Fixed	7/1/11
	§ 19.95	2-Hour Parking Zones	N/A	\$38.00	Fixed	7/1/11
	§ 19.95.1.a	3-Hour Parking Zones—3-Hour No Return	N/A	\$38.00	Fixed	7/1/11
	§ 19.95.2	2-Hour Parking Zones—24 Hours a Day	N/A	\$38.00	Fixed	7/1/11
	§ 19.96	1-Hour Parking Zones	N/A	\$38.00	Fixed	7/1/11
	§ 19.97	24-Minute Parking Zones	N/A	\$38.00	Fixed	7/1/11
	§ 19.98	12-Minute Parking Zones	N/A	\$38.00	Fixed	7/1/11
	§ 19.99	No Parking Zones	N/A	\$38.00	Fixed	7/1/11
	§ 19.99.1	No Stopping Zones	N/A	\$38.00	Fixed	7/1/11
	§ 19.99.2	No Parking Zones—2:00 a.m. to 7:00 p.m.	N/A	\$38.00	Fixed	7/1/11
	§ 19.99.3	No Parking Zone—Middlefield Road-Crittenden School Athletic Park	N/A	\$38.00	Fixed	7/1/11
	§ 19.99.4	No Parking Zone Near Schools	N/A	\$38.00	Fixed	7/1/11
	§ 19.99.5	No Parking Zone—7:00 a.m. to 6:00 p.m.	N/A	\$38.00	Fixed	7/1/11

FEE SCHEDULE—POLICE DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ 19.99.6	No Parking of Vehicles Over 6' in Height	N/A	\$38.00	Fixed	7/1/11

FEE SCHEDULE—PUBLIC WORKS DEPARTMENT

Exhibit 8

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Recommended Fee	Fee Basis	Effective Date
	§ A36.80.030	Development Services Contract Consultant ⁽¹⁾	N/A	Consultant Contract + Appropriate Administration and Other Department Support Components	Hour	7/1/11
	§ 27.43	Hourly Labor Rate ^(7,8) (Research, Plan Check, Inspection)	\$119.00	\$211.00	Hour (2 hour min.)	8/13/11
	§ 27.23	Sidewalk Permit: ⁽⁹⁾ Residential	\$3.36 (\$168.00 min.)	\$3.48 (\$174.00 min.)	Linear Foot	8/13/11
		Nonresidential	\$291.00 +5.0% of Construction Cost	\$301.00 +5.0% of Construction Cost	Fixed + Percentage	8/13/11
	§ 27.65(c)	Street Improvements Reimbursement: ⁽⁹⁾ Major Structural Street Section	\$9.18	\$9.51	Square Foot	8/13/11
		R1 and R2 Street Section	\$7.37	\$7.64	Square Foot	8/13/11
		R3 Structural Street Section	\$8.38	\$8.68	Square Foot	8/13/11
		Standard and Ornamental Street Lighting	\$23.16	\$23.99	Linear Foot	8/13/11
		Standard PCC Curb and Gutter	\$26.95	\$27.92	Linear Foot	8/13/11
		Standard PCC Driveway Approach	\$9.18	\$9.51	Square Foot	8/13/11
		Standard PCC Sidewalk	\$8.38	\$8.68	Square Foot	8/13/11
		Street Trees (15 gallon)	\$10.38	\$10.75	Linear Foot	8/13/11

FEE SCHEDULE FOOTNOTES

⁽¹⁾ New fee.

⁽²⁾ Title change only (includes, but is not limited to, election materials, Statement of Economic Interest Form).

⁽³⁾ Basis clarification.

⁽⁴⁾ Changed from M-Th to M-F.

⁽⁵⁾ Includes \$50.00 gift certificate for Pro Shop merchandise, \$100.00 range card credit, 24 guest passes to play at Loyalty Program rates, 15 percent merchandise discount, 2 free rounds with cart, special member twilight time (one hour earlier and 2 weeks advance tee time reservation).

⁽⁶⁾ Authorized by City of Mountain View Municipal Code but no fee amount set. Includes \$3.00 State surcharge as approved by SB 857 for Trial Court Trust Fund; surcharge sunsets July 1, 2013.

⁽⁷⁾ Fees not impacted by utility rates.

⁽⁸⁾ Hourly labor rate and Excavation Permit should be same amount per hour. During 2010-11 budget process, Excavation Permit set at 100.0% cost recovery but hourly labor rate was overlooked. Recommended to also be set at 100.0% cost recovery.

⁽⁹⁾ These fees are recommended in accordance with the annual practice of reviewing fees and modifying with the *Engineering News Record* (ENR), 3.6 percent as of December 2010.

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